IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (a) PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S (AS DEFINED BELOW)) OUTSIDE OF THE UNITED STATES OR (b) QIBS (AS DEFINED BELOW).

IMPORTANT: **You must read the following before continuing.** The following applies to the attached prospectus (the "Prospectus"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from (or on behalf of) Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi (the "Issuer") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OF AMERICA (WITH ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA, COLLECTIVELY THE "UNITED STATES") OR ANY OTHER JURISDICTION TO THE EXTENT THAT IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

IN MEMBER STATES OF THE EEA, THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF REGULATION (EU) 2017/1129 (THE "EU PROSPECTUS REGULATION"). THIS PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON IN ANY MEMBER STATE OF THE EEA BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES IS AVAILABLE ONLY TO QUALIFIED INVESTORS IN ANY MEMBER STATE OF THE EEA.

IN THE UNITED KINGDOM, THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF THE REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "UK PROSPECTUS REGULATION"). IN ADDITION, IN THE UNITED KINGDOM THIS PROSPECTUS IS ADDRESSED TO AND DIRECTED ONLY AT QUALIFIED INVESTORS WHO (I) ARE FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"), (II) ARE PERSONS WHO ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (III) ARE OTHER PERSONS TO WHOM THEY MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON IN THE UNITED KINGDOM BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS IN THE UNITED KINGDOM. THE SECURITIES REFERENCED IN THIS PROSPECTUS ARE NOT BEING OFFERED TO THE PUBLIC IN THE UNITED KINGDOM. EACH RECIPIENT ALSO REPRESENTS AND AGREES THAT IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, WITH RESPECT TO ANYTHING

DONE BY IT IN RELATION TO ANY SECURITIES REFERENCED IN THIS PROSPECTUS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, THEN YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Prospectus, prospective investors must be either: (a) persons other than U.S. persons (as defined in Regulation S) located outside of the United States or (b) qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("QIBs"). The Prospectus is being sent at your request and by accepting this electronic distribution and accessing the Prospectus, you will be deemed to have represented to the Issuer that: (i) you and any customers you represent in connection herewith are either (A) QIBs or (B) non-U.S. persons outside of the United States and, if applicable, that the electronic mail address to which this electronic transmission has been delivered is not located in the United States, (ii) you consent to delivery of the Prospectus by electronic transmission and (iii) you have understood and agree to the terms set out herein.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place to the extent that offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and an underwriter or any affiliate of an underwriter is a licensed broker or dealer in that jurisdiction, then the offering will be deemed to be made by such underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus has been provided to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of BNP PARIBAS, Citigroup Global Markets Limited, HSBC Bank plc and J.P. Morgan Securities plc (the "Joint Bookrunners"), the Issuer or any person who controls any of them, nor any director, officer, employee, counsel nor agent of any of them or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Bookrunners.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The offering of the US$500,000,000 3.375 per cent. Notes due 2028 (the "Notes") has been authorised by the Capital Markets Board of Turkey (the "CMB") only for the purpose of the sale of the Notes outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "Decree 32"), Article 11 of the Capital Markets Law and Communiqué No. VII-128.8 on Debt Instruments (the "Communiqué"). The Notes (or beneficial interests therein) must be offered or sold outside of Turkey and the CMB has authorised the offering of the Notes; *provided that,* following the primary sale of the Notes, no transaction that may be deemed as a sale of the Notes (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the Notes (or beneficial interests therein) by residents of Turkey; *provided* that they purchase or sell such Notes (or beneficial interests therein) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised by the Banking Regulation and Supervision Agency (the "BRSA") and/or pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use banks or licensed brokerage institutions when purchasing any Notes (or beneficial interests therein) and transfer the purchase price through such licensed banks. The Issuer has obtained the CMB approval letter dated 21 May 2021 and numbered E-29833736-105.02.02-6419, together with the CMB approved issuance certificate (*onaylanmış ihraç belgesi*), and the written approval of the CMB relating to the issue of the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) will be obtained from the CMB on or before the sale and issuance of the Notes. Any directed selling efforts within Turkey in connection with the Notes are strictly prohibited. No form of general solicitation or general advertising in connection with any offer and sale of the Notes in Turkey is permitted and no disclosure in Turkey in relation to the Issuer, the Notes or this Prospectus may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

The Prospectus is being distributed only to and directed only at: (a) persons who are outside the United Kingdom, (b) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (c) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as "relevant persons"). The Prospectus is directed only at relevant persons and must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

UK MiFIR product governance / Professional investors and eligible counterparties only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The date of this Prospectus is 25 June 2021

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

US$500,000,000

3.375 per cent. Notes due 2028

Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi, a public joint stock company (the "Company", "Issuer" or "Anadolu Efes"), is issuing US$500,000,000 3.375 per cent. Notes due 2028 (the "Notes"). The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or the securities laws of any state of the United States of America ("United States" or "US"), the United Kingdom (the "UK") or any other jurisdiction, and are being offered: (a) for sale in the United States (the "US Offering") to persons reasonably believed to be qualified institutional buyers only (each a "QIB") as defined in, and in reliance upon, Rule 144A under the Securities Act ("Rule 144A") and (b) for sale to non-US persons outside the United States (the "International Offering" and, with the US Offering, the "Offering") in reliance upon Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "*Plan of Distribution*", "*Selling Restrictions*" and "*Transfer Restrictions*" herein.

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" BEGINNING ON PAGE 1 OF THIS PROSPECTUS.

Interest on the Notes will be paid in arrear on each of 29 December and 29 June; *provided* that if any such date is not a Business Day (as defined below), then such payment will be made on the next Business Day. Principal of the Notes is scheduled to be paid on 29 June 2028 but may be paid earlier under certain circumstances as further described herein. The Notes initially will be sold to investors at a price equal to 99.230 per cent. of the principal amount thereof. For a more detailed description of the Notes, see "*Conditions of the Notes*".

This prospectus (this "Prospectus") has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or of the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "MiFID II") and/or which are to be offered to the public in any member state of the European Economic Area (the "EEA"). Application has been made to Euronext Dublin for the Notes to be admitted to its official list ("Official List") and to trading on the regulated market of Euronext Dublin (the "Regulated Market"). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Regulated Market.

This Prospectus will be valid until the admission of the Notes to trading on the Euronext Dublin Regulated Market. The obligation to supplement this Prospectus in the event of any significant new fact, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Application has been made to the Capital Markets Board of Turkey (the "CMB") in its capacity as competent authority under Law No. 6362 (as amended, the "Capital Markets Law") of the Republic of Turkey ("Turkey") for the issuance and sale of the Notes by the Company outside of Turkey. The Notes may not be sold outside Turkey before the necessary approvals and an approved issuance certificate (*ihraç belgesi*) have been obtained from the CMB. The CMB approved the issuance certificate (*ihraç belgesi*) dated 21 May 2021 and numbered 100/BA-790 by its letter dated 21 May 2021 and numbered E-29833736-105.02.02-6419, based upon which the Offering will be conducted, and the written approval of the CMB relating to the issue of the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) is expected to be obtained from the CMB on or before the sale and issuance of the Notes.

The withholding tax rate on interest payments in respect of Turkish bonds issued outside of Turkey by corporations resident in Turkey varies depending on the maturity of such bonds as specified under the Council of Ministers' Decree No. 2009/14592, Decree No. 2009/14593 and Decree No. 2009/14594, each dated 12 January 2009, which have been amended by Presidential Decree No. 842 dated 20 March 2019 (collectively, the "Tax Decrees"). Pursuant to the Tax Decrees, with respect to bonds that are issued by corporations resident in Turkey outside of Turkey with a maturity of three years and more, the withholding tax rate on interest is 0 per cent. Accordingly, the withholding tax rate on interest on the Notes is 0 per cent. See "*Taxation— Certain Turkish Tax Considerations*".

The Notes are expected to be rated at issuance "BBB-" by Fitch Ratings Ltd. ("Fitch") and "BBB-" by S&P Global Ratings Europe Limited ("SPGRE" and, together with Fitch, the "Rating Agencies"). The Company is rated BBB- by each of Fitch and SPGRE. The Rating Agencies have also issued ratings in respect of the Turkish government, as set out on page 27 of Prospectus.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Fitch is established in the United Kingdom and is registered in accordance with the Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK CRA Regulation"). Fitch is not established in the EEA and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").

The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation and have not been withdrawn. Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) and the ratings issued by Fitch may be used for regulatory purposes in the EEA, in each case, in accordance with the CRA Regulation.

SPGRE is established in the EEA and is registered in accordance with the CRA Regulation. As such, SPGRE is included in the list of credit rating agencies published by ESMA on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

SPGRE is not established in the United Kingdom and has not applied for registration in accordance with the UK CRA Regulation. The ratings issued by SPGRE have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by SPGRE may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

The Notes are being offered under Rule 144A and Regulation S by each of BNP PARIBAS, Citigroup Global Markets Limited, HSBC Bank plc and J.P. Morgan Securities plc (each, a "Joint Bookrunner" and, collectively, the "Joint Bookrunners"), subject to their acceptance and right to reject orders in whole or in part.

The Notes will initially be represented by two global certificates in registered form (the "Global Certificates"), one of which will be issued in respect of the Notes ("Rule 144A Notes") offered and sold in reliance on Rule 144A (the "Restricted Global Certificate") and will be registered in the name of Cede & Co., as nominee for The Depositary Trust Company ("DTC"), and the other of which will be issued in respect of the Notes ("Regulation S Notes") offered and sold in reliance on Regulation S (the "Unrestricted Global Certificate") and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream, Luxembourg"). It is expected that delivery of the Global Certificates will be made in immediately available funds on 29 June 2021 (i.e., the fifth Business Day (as defined below) following the date of pricing of the Notes (such date being referred to herein as the "Issue Date" and such settlement cycle being herein referred to as "T+5").

Joint Bookrunners

BNP PARIBAS **Citigroup** **HSBC** **J.P. Morgan**

IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purpose of the Prospectus Regulation. This Prospectus is to be read in conjunction with the Group's Consolidated Financial Statements (as defined in "*Presentation of Information—Presentation of Financial Information*"), which form part of this Prospectus and are included herein.

The information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Company and the Joint Bookrunners to subscribe for or purchase, any Notes (or beneficial interests therein). This Prospectus is intended only to provide information to assist potential investors in deciding whether or not to subscribe for or purchase Notes (or beneficial interests therein) in accordance with the terms and conditions specified by the Joint Bookrunners. The Notes (and beneficial interests therein) may not be offered or sold, directly or indirectly, and this Prospectus may not be circulated, in any jurisdiction except in accordance with legal requirements applicable to such jurisdiction.

The distribution or delivery of this Prospectus and the offer or sale of the Notes (or beneficial interests therein) in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes (or beneficial interests therein) and on the distribution or delivery of this Prospectus and other offering material relating to the Notes, see "*Selling Restrictions*" and "*Transfer Restrictions*".

No person is or has been authorised in connection with the offering of the Notes (or beneficial interests therein) to give any information or make any representation regarding the Company and its subsidiaries and joint ventures (the "Group"), the Joint Bookrunners or the Notes other than as contained in this Prospectus. Any such representation or information must not be relied upon as having been authorised by the Company or the Joint Bookrunners.

The delivery of this Prospectus at any time does not imply that there has been no change in the Group's affairs or that the information contained in it is correct as of any time subsequent to its date or that any other information supplied in connection with the Offering is correct as of any time subsequent to the date indicated in the document containing the same.

If a jurisdiction requires that the Offering be made by a licensed broker or dealer and an underwriter or any affiliate of an underwriter is a licensed broker or dealer in that jurisdiction, then the Offering will be deemed to be made by such underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States and, other than the approvals of the CMB and the Central Bank of Ireland described herein, have not been approved or disapproved by any other securities commission or other regulatory authority in any other jurisdiction, nor has any such authority (other than the Central Bank of Ireland to the extent described herein) approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Prospectus may only be used for the purpose for which it has been published. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Company during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. None of the Joint Bookrunners have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners as to the accuracy or completeness of the information set forth or incorporated in this Prospectus, and nothing contained in this Prospectus is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Joint Bookrunners accepts any liability for the accuracy or completeness of the information set forth or incorporated in this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the Offering (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the offer or sale of the Notes should purchase the Notes. Each person contemplating making an investment in the Notes must make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Company.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of any such investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets in which they participate; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL INFORMATION

Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may only be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "*Transfer Restrictions*". Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

Notes offered and sold to QIBs in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Notes offered and sold outside the United States to non-US persons pursuant to Regulation S will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Except as described in this Prospectus, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg. Except as described in this Prospectus, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement (as defined below).

An application has been made to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Regulated Market; however, no assurance can be given that such application will be accepted.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE ISSUER MAY NOT (WHETHER THROUGH OVER-ALLOTMENT OR OTHERWISE) ISSUE MORE NOTES THAN HAVE BEEN APPROVED BY THE CMB.

The distribution of this Prospectus and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons that come into possession of this Prospectus are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions on the distribution of this Prospectus and the offering and sale of the Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or any beneficial interest therein) in any jurisdiction to the extent that such offer or solicitation is unlawful. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. In particular, there are restrictions on the distribution of this Prospectus and the offer and sale of the Notes (and beneficial interests therein) in the United States, Turkey, the EEA, the United Kingdom, Hong Kong, Singapore and numerous other jurisdictions.

In this Prospectus, "Company", "Issuer" or "Anadolu Efes" means Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi on a standalone basis and "Group" means the Company and its subsidiaries and joint ventures. Unless otherwise noted, references to "management" are to the members of the Company's board of directors and statements as to the Company's or Group's beliefs, expectations, estimates and options are to those of the Company's management.

NOTICE TO PROSPECTIVE INVESTORS RESIDENT IN TURKEY

The offering of the Notes has been authorised by the CMB only for the purpose of the sale of the Notes outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "Decree 32"), Article 11 of the Capital Markets Law and Communiqué No. VII-128.8 on Debt Instruments (the "Communiqué"). The Notes (or beneficial interests therein) must be offered or sold outside of Turkey and the CMB has authorised the offering of the Notes; *provided that,* following the primary sale of the Notes, no transaction that may be deemed as a sale of the Notes (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the Notes (or beneficial interests therein) by residents of Turkey; *provided* that they purchase or sell such Notes (or beneficial interests therein) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised by the Banking Regulation and Supervision Agency (the "BRSA") and/or pursuant to CMB regulations and the purchase price is transferred through such licenses banks. As such, Turkish residents should use banks or licensed brokerage institutions when purchasing any Notes (or beneficial interests therein) and transfer the purchase price through such licensed banks. The Issuer has obtained the CMB approval letter dated 21 May 2021 and numbered E-29833736-105.02.02-6419, together with the CMB approved issuance certificate (*onaylanmış ihraç belgesi*) dated 21 May 2021 and numbered 100/BA-790 and the written approval of the CMB relating to the issue of the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) will be obtained from the CMB on or before the sale and issuance of the Notes. Any directed selling efforts within Turkey in connection with the Notes are strictly prohibited. No form of general solicitation or general advertising in connection with any offer and sale of the Notes in Turkey is permitted and no disclosure in Turkey in relation to the Issuer, the Notes or this Prospectus may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

Pursuant to the Communiqué, the Issuer is required to notify the Central Securities Depository of Turkey (*Merkezi Kayıt Kuruluşu*) (the "CRA") within three Turkish business days from the issue date of the Notes of the principal amount, the issue date, the ISIN, the interest commencement date, the maturity date, the interest rate, the name of the custodian, the currency of the Notes and the country of issuance.

NOTICE TO PROSPECTIVE EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

UK MIFIR product governance / Professional investors and Eligible Counterparties only target market — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS") and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as amended or modified from time to time, the "SFA") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER US JURISDICTION.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAS ANY SUCH COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE UNITED STATES

SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. AS A PROSPECTIVE INVESTOR, YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PLEASE REFER TO THE SECTIONS IN THIS PROSPECTUS ENTITLED "*SUBSCRIPTION AND SALE*" AND "*SELLING AND TRANSFER RESTRICTIONS*."

Available Information

THE COMPANY HAS AGREED THAT, FOR SO LONG AS ANY NOTES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT, IT WILL, DURING ANY PERIOD IN WHICH IT IS NEITHER SUBJECT TO AND IN COMPLIANCE WITH SECTION 13 OR 15(D) OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT''), NOR EXEMPT FROM REPORTING PURSUANT TO RULE 12g3-2(b) THEREUNDER, FURNISH UPON REQUEST TO ANY HOLDER OR BENEFICIAL OWNER OF NOTES, OR ANY PROSPECTIVE PURCHASER DESIGNATED BY ANY SUCH HOLDER OR BENEFICIAL OWNER, THE INFORMATION SPECIFIED IN, AND MEETING THE REQUIREMENTS OF, RULE 144A(d)(4) UNDER THE SECURITIES ACT.

NOTICE TO RESIDENTS OF CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

RESPONSIBILITY STATEMENT

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

The Company has extracted substantially all of the information contained in this Prospectus concerning the Turkish market and its competitors from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish economy, including statistical data, has been obtained from the website of the Turkish Statistical Institute (*Türkiye İstatistik Kurumu)* ("TurkStat") at http://www.tuik.gov.tr/, the website of the Central Bank of Turkey (*Türkiye*

Cumhuriyet Merkez Bankası) (the "Central Bank") at www.tcmb.gov.tr or the Ministry of Treasury and Finance's website at www.hmb.gov.tr. Data have been downloaded/observed on various different days and may be the result of calculations made by the Company, and therefore may not appear in the exact same form on such websites or elsewhere. Such websites do not, and should not, be deemed to be a part of, or to be incorporated into, this Prospectus.

Where third-party information has been used in this Prospectus, the source of such information has been identified. Where information in this Prospectus is sourced to Nielsen, calculations and data are based on data reported by Nielsen through its Retail Index Service for the relevant category in the relevant markets for 2020. Where information in this Prospectus is sourced to GlobalData, such information has been extracted or derived from the GlobalData Quarterly Beverage Forecast Report for the fourth quarter of 2020 for the relevant categories in the relevant markets as provided to the Company on 2 March 2021. Where information in this Prospectus is sourced from the Barth Haas report, such information has been extracted or derived from the BarthHaas Hops Report for 2019/2020. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Information regarding the Company's shareholders (including ownership levels and agreements) in "*The Group and Its Business*" and "*Ownership*" sections has been based upon public filings and announcements by such parties, including the Anadolu Group (as defined below). Such data (including from TurkStat and the Central Bank), while believed to be reliable and accurately extracted by the Company for the purposes of this Prospectus, has not been independently verified by the Company or any other party and prospective investors should not place undue reliance upon such data included in this Prospectus. As far as the Company is aware and able to ascertain from the information published by such third-party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

TURKISH TAX CONSIDERATIONS

The withholding tax rates for interest payments of bonds issued by corporations resident in Turkey outside of Turkey vary depending upon the original maturity of such bonds as specified under the Tax Decrees. According to the Tax Decrees, the withholding tax rate on interest payments on the Notes is 0 per cent. for notes with a maturity of three years and more. See "*Taxation— Certain Turkish Tax Considerations*".

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RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Prospectus. In addition to the other information in this Prospectus, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. If any of the following risks actually occurs, the market value of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. The Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Company makes no representation that the statements below regarding the risks of holding any Notes are exhaustive.

Risks Related to the Group's Business

The ongoing COVID-19 pandemic has negatively affected, and may continue to negatively affect, the Group

The ongoing novel coronavirus ("COVID-19") pandemic has caused significant disruption in global and national economies and financial markets. Within Russia, Turkey and the other jurisdictions in which the Group operates, the spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reductions in business activity and financial transactions, labour shortages, supply chain interruptions and overall economic and financial market instability.

The public health crisis caused by COVID-19, as well as measures taken in response to contain or mitigate the pandemic, have had, and the Company expects will continue to have, certain negative impacts on its business including, without limitation:

- Sales of the Group's products in the on-trade channel, which represent a minority of the Group's overall sales, have been significantly impacted by the implementation of social distancing and lockdown measures in most of its markets, including the closure of bars, clubs and restaurants and restrictions on sporting events, music festivals and similar events. For example, the Turkish government banned the sale of alcohol at grocery and chain stores, as well as small liquor shops, during a national lockdown imposed between 29 April 2021 to 17 May 2021. Any future outbreak or recurrence of COVID-19 cases in those of the Group's markets that are currently in the process of easing social distancing and lock down measures may similarly result in the re-implementation of such measures and a further negative impact on the Group's sales. Furthermore, if the COVID-19 pandemic intensifies and expands geographically or in duration, the negative impact on the Group's sales could be more prolonged and may become more severe.

- While the Group has not experienced disruptions to its ability to operate its production facilities or supply chain as of the date of this Prospectus, it may experience future disruption to its ability to operate its production facilities or distribution operations as a result of regulatory restrictions, safety protocols, social distancing requirements and heightened sanitation measures. Any sustained interruption in the Group's operations or its business partners' operations, distribution network or supply chain, or any shortage of raw materials or other supplies could impact the Group's ability to make, manufacture, distribute or sell its products or may result in an increase in its costs of production and distribution.

- Consumption of beer and other alcohol and non-alcohol beverages in many of the jurisdictions in which the Group operates is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising *per capita* income and fall during periods of declining *per capita* income. Deteriorating economic and political conditions in many of the Group's major markets affected by

COVID-19, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, could cause a further decrease in demand for the Group's products. Furthermore, even as governmental restrictions are lifted and economies gradually reopen in many of the Group's major markets, the ongoing economic impacts and health concerns associated with COVID-19 may continue to affect consumer behaviour, spending levels and consumption preferences

- The impact of the COVID-19 pandemic on global economic conditions has impacted and may continue to impact the proper functioning of financial and capital markets, as well as foreign currency exchange rates, commodity and energy prices and interest rates. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Group's ability to access, or costs of, capital or borrowings, its business, its liquidity, its credit ratings, results of operations and financial condition.

- Compliance with governmental measures imposed in response to COVID-19 has caused and may continue to cause the Group to incur additional costs, and any inability to comply with such measures could subject the Group to restrictions on its business activities, fines, and other penalties, any of which could adversely affect its business. In addition, responses to the COVID-19 pandemic may result in both short-term and long-term changes to financial and tax policies in impacted jurisdictions, including increases in tax rates.

Any of the negative impacts of the COVID-19 pandemic, including those described above, alone or in combination with others, may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. The full extent to which the COVID-19 pandemic will negatively affect the Group's business, financial condition, cash flows and results of operations will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

It should be noted that the impact of COVID-19, including actions taken to contain it, may heighten many of the other risks noted within these risk factors (such as by exacerbating risks related to the Russian and Turkish economies, credit risks and risks related to the Group's access to capital), including through increasing both the probability of negative impacts as well as the severity of such impacts. See "*—Economic conditions in Russia, Turkey, the CIS and other countries in which the Group operates and globally affect demand for and the prices of its products*" and "*Risks Related to Russia, Turkey and Certain Other Markets*".

Economic conditions in Russia, Turkey, the CIS and other countries in which the Group operates and globally affect demand for and the prices of its products

For the year ended 31 December 2020, the Group generated 26 per cent. of its revenue in Russia and 32 per cent. of its revenue in Turkey. Economic conditions, including slowing or negative gross domestic product ("GDP") growth, inflation and declining GDP *per capita* and disposable income, in Russia, Turkey, the Commonwealth of Independent States ("CIS") and other markets in which the Group operates can have a material impact on the Group's sales and profitability. Beer and soft drinks consumption in many of the countries in which the Group operates is closely linked to general economic conditions in those countries. For both the beer and soft drinks businesses, slowing or negative GDP growth can affect demand, and can adversely impact sales volumes and prices that can be achieved for beer and soft drinks in the relevant markets. Economic conditions can be impacted by a number of factors, including volatility in global financial markets, higher interest rates, inflation, unemployment rates, trade policy and conflicts, consumer confidence, lower corporate earnings, tighter credit conditions and both public and private debt levels. Furthermore, geopolitical tensions, terrorism, natural catastrophes, epidemics and/or pandemics, such as the COVID-19 pandemic, or other unforeseen events may lead to declines in demand for the Group's services and lower revenue for the Group, including as a result of unexpected, short-term responses from governments in the markets in which the Group operates.

In general, beer and soft drinks consumption levels tend to rise or fall in accordance with movements in *per capita* income, *per capita* disposable income and the perception of economic conditions and prospects. Disposable income levels in many of the countries in which the Group operates are lower than average disposable income levels in more developed economies. For example, a general economic slowdown and reduction in disposable income in Russia have shifted consumer demand to essential items and less expensive products. Any decrease in disposable income resulting from deteriorating economic conditions, increases in cost of living or taxes, or due to other factors, could adversely affect demand for both beer and soft drinks, leading to lower consumption levels for either product or, in some cases, consumption of lower value brands with lower margins for the Group.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for the Group's beer and soft drinks products. While global economic conditions were broadly conducive to the Group's business until 2020, the positive momentum in the global economy has been significantly adversely affected by the COVID-19 pandemic, leaving many countries with challenging mid-term outlooks according to the International Monetary Fund ("IMF"). Adverse economic conditions may reduce general levels of consumption, leading to production overcapacity in the beer and soft drinks industries, which may adversely affect product prices. On the other hand, reduced investment in production capacity may lead to under capacity when demand is high in the industry in general, or for certain producers (including the Group), who could then be at a disadvantage as compared to their competitors.

Adverse economic conditions, declining disposable income and negative economic expectations can have an adverse effect on consumption levels and prices of the Group's beer and soft drinks products, while economic cycles may lead to supply and demand imbalances in the countries in which the Group operates and globally. The occurrences of any of these factors may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Demand for the Group's products may be adversely affected by changes in consumer preferences

To generate sales revenue and profits, the Group must sell products that appeal to its consumers generally. Consumer preferences and demand for beer and soft drinks are affected by a variety of factors and considerations, including price, changes in prevailing economic conditions, changes in the demographic make-up of target consumers, changing social trends, religious views and attitudes regarding alcoholic beverages, well-being and health consciousness and related considerations, as well as the ability of brewers and bottlers to influence consumer preferences and build brand awareness through advertising and marketing. There can be no assurance that the Group will be able to successfully identify and respond to shifting consumer preferences.

The average *per capita* consumption of beer and soft drinks varies widely across the Group's markets and is lower in many cases than in North American and Western European markets. In 2020, beer consumption in Russia was 51 litres *per capita* compared to 58 and 57 litres *per capita* in 2019 and 2018, respectively. In Turkey, beer consumption is relatively low at 11 litres *per capita* in 2020, 2019 and 2018, as a large proportion of the population do not drink alcoholic beverages. Beer consumption is higher in the CIS and other regions where the population is on average younger than in more developed economies. Average *per capita* beer consumption in the markets in which the Group's Beer Operations ("Beer Group") segment operates totalled 31.5 litres *per capit*a in 2020, approximately half of *per capita* consumption in key developed economies based on management estimates for Turkey and GlobalData for the remaining markets. Accordingly, there can be no assurance that the Group can shift consumer preferences in favour of its products.

In recent years, the Group has experienced new trends in key markets in which it operates. In Russia, the Group has experienced a growing trend of increased consumption of premium beers at the expense of lower value beer brands, as well as a recent trend towards affordable (not premium) international beer brands replacing local brands. In Turkey there has also been increasing demand for premium beer. In addition, there has been a recent trend of well-being awareness and preference for healthier ingredients in beer and soft drinks across the Group's markets, which has led to an increase in the popularity of non-alcoholic beers in Russia and CIS countries.

In addition, in the soft drinks market generally there is also increasing consumer focus on well-being and health and fitness, as well as concerns about obesity. The Company expects this trend will impact consumer demand for soft drinks as consumers increasingly look for products providing health benefits in favour of products with high levels of sugars and artificial ingredients. There can be no assurance that demand for soft drinks in CCİ's markets will not weaken in the future and significant changes in consumer preferences or the inability of the Group to anticipate, identify or react to such changes could result in reduced demand for its products and have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Seasonal consumption cycles and weather conditions may adversely affect demand for the Group's products

Demand for the Group's products may be affected by seasonal consumption cycles and adverse weather conditions. The Group experiences the strongest demand for its products when temperatures rise, particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the spring and summer months, could adversely affect sales volumes. Seasonal consumption cycles and adverse weather conditions can therefore have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group faces competition in the markets in which it operates and may face increased competition in its markets, including as a result of consolidation in the global beer and beverages industry

The Group competes with soft drinks producers, brewers and other alcoholic beverage manufacturers. Globally, companies in the beverage industry compete mainly on the basis of brand image, price, customer service and distribution networks. The soft drinks business in particular is highly competitive in each of the countries in which the Group has soft drinks operations. The Group competes with, among others, bottlers of other international or domestic soft drinks brands, some of which are aggressively expanding in certain of the Group's markets. In particular, the Group faces increasing price competition from producers of local soft drink brands, which are typically sold at lower prices than similar products of the Group. The Group also faces significant competition from private label soft drinks brands of large retail groups that sell their products in their outlets at prices that are lower than prices of the Group, particularly in Turkey. Furthermore, the Group faces increased price competition in Turkey as exclusivity arrangements with the Group's retailers in Turkey are prohibited with respect to sparkling beverages. A change in the number of competitors, the level of marketing or investment undertaken by the Group's competitors, or other changes in the competitive environment in its markets may cause a reduction in the consumption of the Group's soft drinks products or its market share.

Consolidation in the international brewers' industry has significantly increased the geographic reach of the Group's competitors in some of the markets in which it operates, as well as the cost of competition. Consolidation trends are expected to continue, which could further intensify competition both in the industry generally and in terms of any expansion of the Group into new markets.

In most of the Group's beer markets, key competitors include international brewing groups such as Carlsberg in Russia, Ukraine and Kazakhstan, and Heineken in Russia. Some of the Group's competitors may have more prominent market positions, better positioned brands or greater financial resources than the Group. Although the Group has strong shares of the Russian and Turkish beer markets, the Group faces intense competition in seeking to maintain and grow its market shares. For example, in 2020 the pricing environment in Russia came under pressure as certain of the Group's competitors discounted prices in order to compete with the Group.

There can be no assurance that current or potential competing beer producers will not effectively compete and acquire beer market share in Russia or Turkey, materially adversely affecting the Group's market shares.

Competition with soft drinks producers and brewers in its various markets could cause the Group to reduce pricing, increase capital, marketing and other expenditure, or lose market share, any of which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

CCİ and its Bottlers' agreements with The Coca-Cola Company are critical to the Group's business

Coca-Cola İçecek A.Ş. ("CCİ") and its Bottlers' agreements with The Coca-Cola Company ("TCCC") are critical to the Group's business. Sales revenue from CCI, which comprises the Group's Soft Drink Operations ("Soft Drinks") segment represented 61 per cent. and 54 per cent. of the Group's total sales revenue for the three months ended 31 March 2021 and the year ended 31 December 2020, respectively. The Group principally produces, sells and distributes TCCC's trademarked beverages pursuant to standard bottlers agreements with TCCC covering each of its territories. The trademarked beverages of TCCC represent substantially all of CCİ's total sales volume. The bottlers agreements include limitations on the Group's ability to export products to another territory without TCCC's prior approval.

CCİ and its Bottlers enter into bottlers agreements with TCCC for each of their markets. Each of the bottlers' agreements has a fixed term, with the agreements for Turkey, Pakistan and Kazakhstan expiring in 2027. These agreements may be renewed at TCCC's discretion. Accordingly, the Group's business is dependent on TCCC's willingness to renew the bottlers agreements when they expire. In addition, TCCC has the right to terminate the bottlers agreements upon the occurrence of certain events. If TCCC exercises its right to terminate the bottlers agreements, or, if upon expiration, TCCC is unwilling to renew these agreements, or to renew the agreements on terms at least as favourable to CCİ and its Bottlers as the current terms or if TCCC does not give its consent for product exports to other of CCİ's markets in certain circumstances, either in a timely manner or at all, this could have a material adverse effect on the Group's business, financial condition and results of operations. See also "*—Risks Related to the Notes and the Group's Capital Structure—Claims of Noteholders under the Notes are effectively subordinated to those of certain other creditors and liabilities of the Company's subsidiaries. Noteholders will also not have the benefit of the negative pledge or certain of the events of default under the Notes in respect of CCİ and neither the negative pledge nor any of the events of default will apply to any of CCİ's subsidiaries*".

The Group may be impacted by changes in the availability or price of raw materials and packaging

A significant portion of the Group's cost of sales relates to raw materials, primarily malted barley, hops and water, being the key ingredients for beer production, and other ingredients of beer or soft drinks, including wheat, carbon dioxide, corn syrup, rice, concentrate, sugar and sweetener and packaging raw materials, such as glass, polyethylene terephthalate ("PET") preforms, aluminium cans, labels, cardboard boxes and plastic crates. While the Group produces some of these raw materials in Russia and Turkey, it purchases the majority of them in the market. The prices of these raw materials fluctuate because many of them are commodities or are sourced from commodities. The supply and price of raw materials and packaging used by the Group can fluctuate widely as a result of a number of factors beyond the Group's control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. The prices of these materials are also determined by the relative bargaining power of the suppliers, which can increase through further consolidation of suppliers, thus reducing supply alternatives for the Group. Moreover, in Turkey the Group is required by Turkish regulations to buy sugar locally, often at prices higher than those prevailing in the market generally. As a result, the Group cannot predict the future availability or prices of raw materials required for the production or packaging of its products.

During the last five years, the average price of malting barley in Europe has ranged from €155 to €235 per tonne, driven by crop conditions as well as changes in the supply of other grains mainly feed barley and wheat. In late 2019 and early 2020, the price decreased to €160 per tonne before beginning to increase from July 2020. In 2021, the price of malting barley increased to €220 per tonne with indications of higher demand in the market going forward. In addition, market prices for aluminium have fluctuated significantly in recent years, increasing from US$1,420 per metric tonne in the last quarter of 2015 to US$2,600 per metric tonne in spring-2018, then decreasing to below US$1,750 per metric tonne in mid-2019. The price of aluminium was negatively impacted by the COVID-19 pandemic, decreasing sharply to US$1,420 in the first quarter of 2020 before increasing to between US$2,350 and US$2,400 per metric tonne in the first quarter of 2021. Recently, there have also been significant fluctuations in the price of raw materials for packaging, including for cardboard, plastic and wooden pallets. In Russia, since 2020 there has been a 60 per cent. increase in the price of cardboard boxes and other corrugated board packaging as well as a 60 per cent. increase in the price of plastic materials between November 2020 and March 2021.

The Group's results have in the past been negatively impacted by raw materials price increases, particularly barley, and there can be no assurance that significant raw material price increases or end-product price increases in the future will not affect the Group's profitability, or that the Group will benefit from significant raw material price declines in the event it has pre-purchased significant quantities of such raw materials at higher prices.

If the Group cannot pass on raw material or packaging price increases to customers, or if sales volumes decrease as a result of higher product prices, the Group's sales and/or profits may decrease, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

CCİ and its Bottlers' agreements with TCCC restrict sources of supply for some raw materials, which could increase the Group's costs and otherwise restrict its operations

CCİ and its Bottlers' agreements govern purchases of concentrate, which represents one of the most significant raw materials costs for the Soft Drinks segment. TCCC determines the price CCİ and its Bottlers pay for concentrate at its sole discretion, including the conditions of shipment and payment, as well as the currency of the transaction. If CCİ does not agree with the revised payment conditions, the Bottlers agreement automatically terminates three months after CCİ notifies TCCC of its disagreement. TCCC normally sets concentrate prices after discussions with CCİ so as to reflect trading conditions in the relevant country. However, there can be no assurance that TCCC will continue this practice in the future. TCCC has other important rights under the bottlers' agreements, including the right to approve suppliers of certain packaging and other raw materials. There can be no assurance that TCCC's objectives with the exercise of its rights under the bottlers' agreements will in all cases be fully aligned with CCİ's or the Group's business objectives. TCCC's right to set concentrate prices could give TCCC influence over CCİ's results of operations and thus have a material adverse effect on the Group's business, financial condition and results of operations.

Interruptions in supply or significant increases in the prices of water and energy can affect the Group's operating and financial performance

The Group's production processes require consumption of large amounts of water, including during the brewing process and production of soft drinks, as well as in the agricultural supply chain. Changes in precipitation patterns and other weather events may affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the Group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation may result in increases to the Group's manufacturing costs.

Furthermore, interruptions in the supply of energy or significant energy price increases could also have an adverse effect on the Group's operating and financial performance. The Group uses substantial amounts of electricity, natural gas and other energy sources to operate its breweries and bottling plants and, in some of its markets, to operate fleets of motor vehicles. Energy prices have been subject to significant price volatility in the recent past and may be volatile in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain jurisdictions, may have an adverse effect on the Group's operating income and profitability in certain markets.

There can be no assurance that the Group will be able to pass on price increases of water or energy to consumers through end-product pricing. Scarcity or interruptions in water or energy supplies, or material increases in the price of water or energy, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group depends on independent dealers, distributors and retailers to sell its products

The Group principally sells its products to independent dealers and distributors for resale to retail outlets and, directly and indirectly, to retailers, including supermarkets, specialised beer or alcoholic beverage stores, pubs and restaurants. In particular, the Group sells the majority of its products to third party dealers and distributors in its key markets of Russia and Turkey. In Turkey, third party dealers and distributors can act on an exclusive basis with respect to the Group's products, while exclusivity is not permitted for the Group's arrangements with retailers. There can be no assurance that independent dealers and distributors (who often act both for the Group and its competitors) in Russia and retailers in Turkey will not give higher priority to competitors' brands, purchase less of the Group's products or purchase at lower prices, devote inadequate promotional support to the Group's products or otherwise reduce their efforts to sell the Group's products. Subject to certain exceptions, poor performance by a dealer, distributor or retailer is not grounds for replacement.

Actions by the Group's dealers, distributors or retailers, difficulty in replacing unproductive or inefficient dealers, distributors or retailers, or the failure of the Group to otherwise support wholesale and retail distribution of its products could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to successfully carry out further acquisitions and business integrations

The Group has made in the past and may make in the future acquisitions of, or investments in, other companies and businesses. For example, CCİ is currently bidding in the sale of 57.118 per cent. of Coca-Cola Bottlers Uzbekistan, Ltd by the State Asset Management Agency of the Republic of Uzbekistan. The Group's ability to execute further acquisitions or investments is subject to a number of risks, including:

- it may not be able to identify suitable targets or acquire businesses or operations on favourable terms;
- the price it pays may prove to be too high as a result of various factors, including a significant change in market conditions, limited opportunity to conduct due diligence or an unexpected change in the acquired business;
- it may experience increasing competition for targets, which could result in decreased availability of suitable targets or could increase the price the Group would have to pay for such targets;
- it may experience difficulties in the execution of acquisitions, as a result of a number of factors, including legal, financial, antitrust and other; and
- it may not have the necessary financial resources or may not be able to obtain the necessary financing, on commercially acceptable terms or at all, to finance such acquisitions.

Such transactions may also involve the assumption of certain actual or potential, known or unknown, liabilities that could have an impact on the Group's financial risk profile. No assurance can be made that the Group will be able to successfully carry out further acquisitions, investments and business integrations.

Moreover, the Group will need to successfully integrate such businesses or operations in an efficient and effective manner. This is subject to a number of uncertainties, including:

- the incurrence of unanticipated expenses;
- the failure to realise anticipated synergies or a delay in realising such synergies;
- the diversion of management's attention from other business concerns and potential disruption to the Group's on-going business; and
- the consolidation of functional areas.

Any failure to successfully acquire or integrate a business, or the acquisition of a business with risks or liabilities that the Group was unaware of, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Certain of the Group's operations, including its soft drinks operations through CCİ, are conducted through jointly controlled affiliates and ventures

Certain of the Group's operations, including its soft drinks operations through CCİ, are conducted through jointly controlled affiliates and ventures, and the Group may enter into further joint ventures in the future. While the Group holds approximately 50.3 per cent. of the voting rights of CCİ and consolidates it for accounting purposes as a result of the governance rights held by the Company, certain decisions require the consent of TCCC. Accordingly, the Group's ability to exercise control over its joint venture operations is limited. The success of the Group's joint ventures depends in part on cooperation between the Group and the other shareholders and the satisfactory performance by such shareholders of their joint venture obligations. While the Group considers its current relationships with other shareholders and partners to be successful, there can be no assurance that this will continue to be the case. In addition, there can be no assurance that the Group will otherwise be able to maintain its current relationships or establish new relationships with joint venture partners in the future. Any disputes, deadlocks or litigation with strategic partners or other failure to establish or maintain successful joint venture relationships could in turn have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group is exposed to currency exchange rate risk

The Group has currency exposure to both translation risk and transaction risk.

Translation risk arises due to the conversion of amounts denominated in foreign currencies into Turkish Lira, the Group's reporting and functional currency. Subsidiaries and joint ventures outside of Turkey, particularly those operating in the international beer operations of the Beer Group segment, generally use their local currency as their functional currency; however, amongst others, Efes Breweries International N.V. ("EBI"), the holding company for the entities comprising the Beer Group's international beer operations, has adopted the US Dollar as its functional currency. The results of operations of those subsidiaries and joint ventures whose functional currency is not Turkish Lira are translated into Turkish Lira at the applicable exchange rate for inclusion in the Group's consolidated financial statements. In the case of the entities forming part of the Beer Group's international beer operations, the results of operations of those entities, and particularly AB InBev Efes B.V. ("AB InBev Efes"), are subject to a double translation as their results are first translated from their local currency into US Dollars (for consolidation within EBI's results), and then from US Dollars into Turkish Lira.

Transaction risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than Turkish Lira. The Group is exposed to transaction risk because, while it incurs its capital and operating expenses and derives its revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are in currencies other than the Turkish Lira, principally the US Dollar, Russian Rouble and Euro. As of 31 March 2021, 79 per cent. and 6 per cent. of the Group's long-term borrowings (including the current portion thereof) were denominated in US Dollars and Euros, respectively. In addition, 23 per cent., 17 per cent. and 9 per cent. of the Group's short-term borrowings (excluding the current portion of long-term borrowings), respectively, were denominated in Russian Roubles, Ukrainian Hryvnia and Euros (and no such short-term borrowings in Euros), while 43 per cent. of such short-term borrowings were denominated in Turkish Lira.

In 2020 and the first quarter of 2021, the Turkish Lira weakened significantly against the US Dollar. See "—*Risks Related to Russia, Turkey and Certain Other Markets—The value of the Turkish Lira has fluctuated significantly against other currencies and may continue to do so*". The translation effect resulting from the fluctuations in the exchange rate between the Turkish Lira and the relevant functional currencies of Group members can have a material adverse effect on the Group's consolidated results of operations and financial condition.

The Group hedges its exposure to currency risk through the use of derivative instruments and natural hedges that arise from offsetting foreign currency denominated revenues and expenses in the different jurisdictions in which it operates, as well as by holding a portion of its cash in hard currency. The non-cash translation effect resulting from the fluctuations in the exchange rate between the Turkish Lira and the relevant functional currencies of Group members can have a material adverse effect on the Group's consolidated results of operations and financial condition. While the Group uses derivative financial instruments to manage this exposure and may enter into further hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and the Group may not be able to successfully hedge its exposure to currency fluctuations. Furthermore, the Group may not be successful in implementing customer pricing or other actions in an effort to mitigate the impact of currency fluctuations and, therefore, its results of operations may be adversely impacted. In addition, any default by the counterparties to these transactions could adversely affect the Group.

The Group is controlled by AG Anadolu Grubu Holding A.Ş., whose shareholding (along with the shareholding of AB InBev Harmony Ltd., another significant shareholder) may conflict with the interests of the holders of the Notes

AG Anadolu Grubu Holding A.Ş. holds 43 per cent. of the Company's outstanding share capital. AG Anadolu Grubu Holding A.Ş. has significant influence over the Group's business and operations, matters decided by the board of directors, as well as the outcome of all or substantially all matters decided by a vote of shareholders, including the election of directors and approving mergers or sales of the Group's assets. Furthermore, AB InBev Harmony Ltd. holds 24 per cent. of the Company's outstanding share capital. It is possible that the interests of the AG Anadolu Grubu Holding A.Ş. and of Anheuser-Busch InBev SA/NV ("AB InBev"), which controls AB InBev Harmony Ltd., may not coincide or conflict, or that they may not always align with one another or with the interests of the holders of the Notes.

The Group is reliant on the reputation of its brands and the protection of its intellectual property rights

An event, or a series of events, that materially damages the reputation of one or more of the Group's current or future brands could have an adverse effect on the value of that brand and subsequent sales from that brand or business. The Group has invested considerable effort in protecting its brands, including the registration of trademarks and domain names. While the Group expects to continue to timely file trademark and patent applications seeking to protect newly developed brands and products, there can be no assurance that registrations will be issued with respect to any of its applications, or that once issued such registrations will not be challenged or circumvented by competitors. In connection with the Group's soft drinks business, TCCC owns the trademarks of all of its products produced, distributed and sold by CCİ and its Bottlers, and the Group is thus reliant on TCCC to protect its trademarks. Moreover, some of the countries in which the Group operates, including its soft drinks operations, offer less effective intellectual property protection than is available in western jurisdictions. If the Group or TCCC are unable to protect their respective intellectual property, any infringement or misappropriation could materially harm the Group's business. In addition, if the Group fails to ensure the relevance and attractiveness of its brands, including Coca-Cola trademarked products, and the enhancement of brand marketing, there is a risk that significant growth opportunities may not be realised. Any failure to protect the intellectual property owned or used by the Group or the reputation of its brands could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Climate change or other environmental or sustainability concerns, or measures to address them, may adversely affect the Group

There is growing concern that carbon dioxide and other greenhouse gases may have an adverse impact on global temperatures, weather and precipitation patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity and increases the demand for food products, the Group may be subject to decreased availability or less favourable pricing for certain agricultural commodities necessary for its products, such as barley, hops and sugar. Climate change may also subject the Group to risks related to water scarcity due to the large amounts of water required to produce its products. In the event that climate change leads to droughts or water over-exploitation or has a negative effect on water availability or quality, the price of water may increase in certain areas and certain jurisdictions may enact unfavourable changes to applicable water-related taxes and regulations. Such measures, if adopted, could lead to increased production costs or capacity constraints. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt the Group's supply chain or impact demand for its products.

In addition, public expectations for addressing environmental concerns could impact the Group's business. Growing public focus on greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require the Group to make additional investments in facilities and equipment due to increased regulatory pressures. There are also increasing concerns about the damaging impact of the proliferation and accumulation of plastic bottles and other packaging materials in the environment. The Group and its bottling subsidiaries sell certain beverage products in plastic bottles and use other plastic packaging materials. If the Group or its bottlers do not, or are perceived not to, act responsibly to address plastic materials recoverability and recycling concerns, the Group's corporate image and brand reputation could be damaged, which may cause some consumers to reduce or discontinue consumption of some of its products.

From time to time the Group establishes and publicly announces sustainability goals and commitments and participates in environmental and sustainability programmes and initiatives organised or sponsored by nongovernmental organisations and other groups. The Group is also required to "comply or explain" with the Sustainability Principles Compliance Framework of the Turkish Capital Markets Board. In addition, the Group's strategy also includes qualifying for sustainability indices, including the Borsa İstanbul A.Ş. ("Borsa İstanbul") BIST Sustainability Index and FTSE4Good Emerging Markets Index. The Group's ability to maintain its position on such indices is subject to a variety of factors, including its ability to continue to comply with relevant targets, which can develop over time, and also the ability of the Group to meet its sustainability goals on a commercial basis. If the Group fails to achieve or improperly reports on its progress toward achieving its sustainability goals and commitments, this could have an adverse impact on the Group's business and reputation, including a failure to continue to qualify for such indices or negative publicity that could adversely affect consumer preference for its products.

CCİ's and its Bottlers' success depends in part on TCCC's success in marketing activities

CCİ and its Bottlers derive the majority of their sales revenue from the production, sale and distribution of the trademarked beverages of TCCC. TCCC owns the trademarks of these products and has primary responsibility for consumer marketing and brand promotion. CCİ is primarily responsible for in-store promotions, brand activation and other below-the-line marketing activities. The profitable growth of CCİ's and its Bottlers' soft drink brands depends in part on TCCC's consumer marketing activities, including TCCC's discretionary contributions to CCİ's annual marketing plan. If TCCC were to reduce its marketing activities, the level of its contributions to CCİ's annual marketing plan or its commitment to the development or acquisition of new products these reductions could lead to decreased consumption of trademarked beverages of TCCC or shifts in the product mix in the countries in which CCİ and its Bottlers operate. This could, in turn, lead to a decline in CCİ's and its Bottlers' share of the soft drinks market and sales volume, and thus have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group may not be able to maintain its current licensing arrangements on acceptable terms or at all

In certain of the markets in which it operates the Group produces a number of beer brands of other international brewers under licensing agreements with such brewers. Such brands produced by the Group under license with the brand owners include, among others, Spaten, Corona, Leffe, Becks, Boddingtons, Hoegaarden, Modelo and Goose Island in Russia, and BUD, Becks, Miller and Amsterdam Navigator in Turkey. The Group also imports and sells Erdinger, Grolsch, Corona, Leffe and Hoegaarden in Turkey. The Group's licensed brands are typically premium brands. Licensing agreements are subject to renegotiation, amendments and termination. The Group's licensors may decide to terminate such arrangements with the Group and potentially license to one of the Group's competitors or renegotiate the licenses under terms that are less favourable for the Group. Any such renegotiation, deterioration of terms, or termination and loss of a license to produce and distribute certain brands in certain of the Group's markets could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group is exposed to operational risks, including mechanical and technical failures that could adversely affect its business

The Group is exposed to operational risks, including the risk of unanticipated equipment breakdown or failure at its production facilities, which could cause interruptions in production or a process shutdown while repairs are carried out. Interruptions in production or process shutdowns (which could be followed by delays in restarting the production process) could reduce the Group's production volumes. The Group could also be subject to interruptions in production or the loss of inventory as a result of catastrophic events such as fires, explosions or natural disasters, particularly in relation to its operations in Turkey, which are located in high-risk earthquake zones. Although the Group maintains insurance against lost profit and product damage for natural disasters, there can be no assurance that this coverage will be sufficient. See "*—Risks Related to Russia, Turkey and Certain Other Markets—A number of the Group's production facilities in Turkey are located in high-risk earthquake zones*". Moreover, the Group is increasingly reliant on its information technology and systems, as it maintains operations in multiple markets, and such systems may be vulnerable to operational or security challenges such as telecommunications failures, interruptions and security breaches. Any interruptions in the Group's production capacity, the loss of inventory or interference with its information technology and systems may require the Group to incur significant expenses to remedy the situation, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

A cyberattack, computer system failure or security breach could significantly disrupt the Group's ability to operate its business

The Group is exposed to the risk that third parties or malicious insiders may attempt to use cybercrime techniques, including distributed denial of service attacks to disrupt the availability, confidentiality and integrity of the information technology ("IT") systems on which the Group relies, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Physical intrusions, security breaches and other disruptions of or to IT systems and network infrastructure could affect the Group's ability to provide its services properly, reducing their quality and damaging its reputation, and could also jeopardise the security of the information recorded or transmitted across the Group's systems, or the integrity of their technical systems. Any such disruption could have a material adverse impact on the Group's business.

The Group relies on a limited number of suppliers for certain raw materials and packaging materials used in the production of its products

The Group relies on a limited number of third-party suppliers for certain key raw materials and packaging materials for its beer and soft drinks, including for malt, bottles and cans. Key suppliers of the Group's raw materials and packaging products are highly consolidated and there can be no assurance that additional consolidation will not occur in the future, which could further reduce the number of suppliers available to the Group and increase the relative bargaining power of such suppliers (and potentially increase the prices the Group pays). Any interruptions in the operations of the Group's suppliers or any failure of such suppliers to maintain their production volumes could result in material production delays, increased production costs, reductions in shipment volumes or delays in shipments of the Group's products, or require the Group to make purchases from alternative suppliers at potentially higher prices, any of which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group is exposed to labour strikes and disputes that could lead to a negative impact on its costs and production levels

In several of its operations a majority of the Group's workforce is unionised. Management estimates that in the Beer Group approximately 17 per cent. of the Group's employees in Russia, approximately 34 per cent. of its employees in Turkey and approximately 32 per cent. of its employees in Ukraine belong to a labour union. However, approximately 56 per cent. of Beer Group employees in Russia and Ukraine, approximately 36 per cent. of Beer Group employees in Turkey, approximately 25 per cent. of Beer Group employees in Kazakhstan and approximately 97 per cent. of Beer Group employees in Moldova benefit from collective bargaining agreements. The Company estimates that approximately 27 per cent. of Soft Drinks employees are unionised. The Group's production may be affected by work stoppages or slowdowns as a result of disputes under existing collective bargaining agreements with labour unions. The Group may not be able to satisfactorily renegotiate its collective bargaining agreements when they expire and may face more difficult negotiations or higher wage and benefit demands. On 16 March 2020, after negotiations between the Company and the principal labour union for its Turkish employees within the framework provided by the collective bargaining agreement failed to reach an agreement on new terms, the union notified the Company of its intention to strike from 30 March 2020 if an agreement could not be reached. In response, the executive and non-executive members of the Company's Board of Directors (the "Board") decided to implement a lockout on 23 March 2020. On 25 March 2020, Anadolu Efes agreed the terms of a new collective labour agreement for the period from 1 September 2019 to 31 August 2021. Furthermore, a work stoppage or slowdown at the Group's facilities could interrupt the transport of raw materials from its suppliers or the transport of its products to its customers. Such disruptions could put a strain on the Group's relationships with its suppliers and customers and may have lasting effects on its business even after the disputes with its labour force have been resolved, including as a result of negative publicity. The Group's production may also be affected by work stoppages or slowdowns that affect its suppliers, distributors and retail delivery/logistics providers as a result of disputes under existing collective bargaining agreements with labour unions, in connection with negotiations of new collective bargaining agreements. A strike, work stoppage or slowdown within the Group's operations or those of its suppliers could have a material adverse effect on the Group's earnings, financial condition and ability to operate its business.

The Group's failure to attract and retain key personnel could adversely affect its business

The Group's success depends to a large degree on the services of its senior management teams and key personnel with particular expertise. The loss or unavailability of its senior management teams for an extended period of time could have an adverse effect on the Group’s operations. In addition, the Group must compete with other companies in each of its markets for suitably qualified personnel, including employees having a deep understanding of the local markets and the intricacies of sales, marketing and distribution of alcoholic and soft drinks in such markets. The Group’s inability to attract and retain key personnel could have a material adverse effect on the Group’s business.

The Group’s insurance coverage may not be adequate to protect it from the risks associated with its business

The Group maintains business interruption insurance, insurance for lost profits, earthquake insurance and third party and product liability insurance for its operations, as well as insurance coverage for incidents such as fire, flood, machinery breakdown and personal accident. However, the Group has limited insurance coverage in respect of certain other risks, including terrorism, product recall or receivables insurance, and no insurance coverage for certain risks like that of cyberattacks. As a result, the Group may be subject to losses that are not covered, or not sufficiently covered, by insurance. In the event of severe damage to its facilities or systems, the Group could experience disruption to its production capacity, for which it may not be compensated. If the Group does not have insurance coverage in respect of particular risks, it will be forced to cover any losses or third-party claims out of its own funds. The Group does not currently maintain separate funds or otherwise set aside reserves to cover such losses or third-party claims, and any such losses or claims could have a material adverse effect on the Group’s business, financial condition, cash flows and results of operations.

Legal, Regulatory and Tax Risks

If any of the Group’s products is defective or is found to contain contaminants, the Group may be subject to product recalls or other associated liabilities, which could cause it to incur significant additional costs

Despite the precautions the Group takes, in the event that any failure to comply with accepted food safety and regulatory standards (such as a contamination or defect) does occur it may lead to business interruption, product recalls or liability, each of which could have a material adverse effect on the Group’s business, reputation, financial condition, cash flows and results of operations. Although the Group maintains insurance against product liability (but generally not product recall) risks, it may not be able to enforce its rights in respect of these policies, and, in the event that contamination or a defect occurs, any amounts that the Group recovers may not be sufficient to offset any damage the Group suffers, which could adversely impact its business, results of operations, cash flows and financial condition.

The beer and beverage industry may be subject to adverse changes in taxation

Taxation on the Group’s beer products in the countries in which it operates comprises different taxes specific to the Group’s products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as value added tax (“VAT”). In many jurisdictions, such excise and other indirect taxes make up a large proportion of the cost of beer charged to customers. For example, in Russia the cumulative increase in excise tax on beer since 2018 has been 10 per cent, while in Turkey the cumulative increase in excise tax on alcoholic products since 2018 has been 77 per cent. The next excise tax adjustment in Turkey is expected to take place in July 2021.

Increases in excise and other indirect taxes applicable to the Group’s products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging consumers to switch to other categories of beverages. These increases also adversely affect the affordability of the Group’s products and its profitability.

In addition to excise and other indirect duties, the Group is subject to income and other taxes in the countries in which it operates. There can be no assurance that the operations of the Group's breweries and other facilities will not become subject to increased taxation by national, local or foreign authorities. Changes in corporate income tax rates or regulations on repatriation of dividends and capital would also adversely affect the Group's cash flows.

Adverse changes in taxation, whether on the Group's products or otherwise affecting its operations, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Restrictions on beer advertising, sales or consumption may adversely affect the Group's business

Existing or additional restrictions on, or the prohibition of, beer advertising in the mass media or certain sales channels in the Group's key markets can have a material adverse effect on its sales and operating and financial results. In Russia, the Group's largest market, there are extensive restrictions on beer advertising, which include a ban on the broadcasting of beer commercials on television, and radio and their publication on the internet, as well as limitations regarding locations of beer sales and consumption. Additional restrictions include labelling and health warning requirements.

In Turkey, one of the Group's two largest markets by sales volume and revenues, there is a general prohibition on beer advertising in the mass media and other general sales channels, with limited exceptions such as for on-trade activities (e.g. sales outlets, restaurants and bars). Depictions of alcoholic beverages on television and in films must be blurred and labelling and health warning requirements are also in place. Furthermore, in response to the COVID-19 pandemic, the Turkish government banned alcohol sales at grocery and chain stores, as well as small liquor shops, during a national lockdown between 29 April 2021 and 17 May 2021.

In addition, in certain CIS countries that have histories of high average levels of alcohol consumption, legal restrictions and limitations on alcohol advertising, sales and consumption, including in connection with public order, are strict and in some cases stricter than in western European countries. In Ukraine there are also extensive restrictions on beer advertising, including a prohibition on advertising on radio and television between 6 pm and 11 pm together with restrictions on the sale and distribution of beer, including on the premises of educational institutions, healthcare facilities and specialised trade organisations engaged in the sale of products for children or sporting goods, as well as in certain departments of universal trade organisations.

There can be no assurance that additional restrictions on, or prohibition of, beer advertising and limitations on consumption in the Group's key markets, including in response to the COVID-19 pandemic, will not be introduced in the future. Restrictions on beer advertising, sales or consumption could restrict growth in those beer markets or make new product launches more challenging, which could have a material adverse effect on the Russian, Turkish or other beer markets in general and on the Group's business, financial condition, cash flows and results of operations.

The Group could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern its operations

The Group's business is highly regulated in many of the countries in which it operates, particularly Russia and Turkey. The regulations adopted by the authorities in these countries govern many parts of its operations, including brewing, marketing and advertising (in particular to ensure its advertising is directed to individuals of legal drinking age), consumer promotions and rebates, environmental protection, workplace safety, transportation, distributor relationships, retail execution, sales and data privacy. The Group may be subject to claims that it has not complied with existing laws and regulations, which could result in fines and penalties or loss of operating licenses, which may have a material adverse impact on its ability to operate its businesses in these markets.

The Group is also routinely subject to new or modified laws and regulations with which it must comply in order to avoid claims, fines and other penalties, which could adversely impact its business, results of operations, cash flows and financial condition. A breach of any of these laws or regulations can lead to significant fines and/or damage to the Group's reputation.

The Group is also subject to laws and regulations aimed at reducing the availability of beer and other alcoholic beverage products in some of the Group's markets to address alcohol abuse and other social issues. See "—*Restrictions on beer advertising, sales or consumption may adversely affect the Group's business*". There can be no assurance that the Group will not incur material costs or liabilities in connection with compliance with applicable regulatory requirements, or that such regulation will not interfere with its beer and soft drinks businesses.

Environmental and health regulations impose additional obligations on the Group and changes in such laws or regulations could materially adversely impact the Group's business, financial condition, cash flows or results of operations

The Group is subject to various environmental and health and safety laws in the countries in which it operates, including with respect to the use of natural resources such as water, emissions, management of waste water, noise levels, energy efficiency, the presence, use, storage, handling, generation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes and the remediation of contamination to the environment. These laws can impose liability for non-compliance, are increasingly stringent and may in the future create compliance liabilities and costs.

While the Group intends to comply with applicable environmental and health and safety regulations, it is possible that such compliance may prove to be costly. In addition, the Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders as well as potential clean-up liability, which could result in the closure or temporary suspension of, or adverse restrictions on, its operations. The Group may also, in the future, become involved in proceedings with various environmental authorities that may require the Company to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. Third parties may also sue the Group for damages and costs resulting from environmental contamination.

Furthermore, increasing concern over climate change may also result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of the Group's products. In addition, various entities throughout the world are considering regulatory proposals relating to requirements on products and their packaging. These regulations and policies, whatever their scope or form, could increase the cost of the Group's inputs, products or otherwise put the Company at a competitive disadvantage.

Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations of carbon or plastic, may result in increased compliance costs, capital expenditures and other financial obligations for the Group. Any of the foregoing could impact the Group's profitability or could impede the production, distribution, marketing and sale of the Group's products, which could materially adversely impact the Group's business, financial condition, cash flows or results of operations.

Concerns about alcohol consumption or promotion in Turkey may adversely affect demand for the Group's beer products in Turkey

For cultural and socioeconomic reasons, consumption of alcoholic beverages in Turkey is not as prevalent as it is in many Western jurisdictions, and a significant proportion of the population totally abstains from drinking alcoholic beverages. While consumption of alcohol in Turkey is amongst the highest in countries in the Middle East, parts of Turkish society advocate against the consumption of alcohol, including for cultural and health reasons. Such concerns could potentially result in the imposition of stricter non-COVID-related limitations on the advertising, visibility and availability of alcoholic beverages, which could have materially adverse effects on the levels of alcohol consumption in the Turkish market, one of the Group's two most important markets in terms of sales volumes and revenues, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group's operations may be limited by anti-trust regulations

The Group has leading positions in several of its markets for beer and certain soft drinks, including in Russia, Turkey, Ukraine, Kazakhstan, Georgia, Moldova, Pakistan, Azerbaijan and Kyrgyzstan, and is second in the soft drinks market in Iraq and Jordan. Therefore, there may be limitations on how the Group can grow and conduct its operations in these markets. In particular, because of the Group's leading market share in certain of these jurisdictions, any future acquisitions in the relevant product markets by the Group may be subject to closer scrutiny by the relevant antitrust authorities in these markets, which may conclude that such acquisitions would restrict actual or potential competition in a given market and prohibit such acquisition. Moreover, there can be no assurance that the Group's current market share in certain jurisdictions will not result in the initiation of proceedings or investigations by the relevant authorities for alleged breaches of anti-monopoly laws and regulations. For example, on 17 April 2020 the Turkish Competition Board initiated an investigation into whether Coca-Cola Satış ve Dağıtım AŞ, a subsidiary of CCI, had violated The Act on the Protection of Competition No.4054 pursuant to Article 41 of the Law No.4054. The Turkish Competition Board conducts investigations like that into Coca-Cola Satış ve Dağıtım AŞ from time to time. The initiation of the investigation does not mean that there has been a violation of the law or that Coca-Cola Satış ve Dağıtım AŞ will be subject to a business or financial penalty. However, any decision by anti-trust authorities to restrict the Group's ability to expand through acquisitions or to impose fines or other sanctions as a result of the Group's market position and practices could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

If the Group fails to comply with personal data protection laws it could be subject to adverse publicity, regulatory action and/or private litigation, which could negatively affect its business, financial condition, cash flows and results of operations

In the ordinary course of the Group's business, it receives, processes, transmits and stores information relating to identifiable individuals ("personal data"), such as employees, dealers and distributors. As a Turkish company, the Group is subject to the Law on the Protection of Personal Data No. 6698 ("KVKK"), which is based on the European Union's General Data Protection Regulation. KVKK, as well as any other changes to laws and the introduction of such laws in other jurisdictions, has subjected and may continue in the future to subject the Group to, among other things, additional costs and expenses and has required and may in the future require costly changes to the Group's business practices and security systems, policies, procedures and practices. There can be no assurance that the Group's security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices the Group has implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of KVKK could harm the Group's reputation, subject it to government enforcement actions (including fines) or result in private litigation against the Group, which could negatively affect its business and operating results.

If the Group does not successfully comply with applicable export control regulations it could become subject to fines, penalties or other regulatory sanctions which could have a material adverse effect on its business, financial condition, cash flows and results of operations

The Group operates its business and markets its products in countries that may be subject to export control regulations, embargoes, economic sanctions and other forms of trade restrictions imposed by the United States, the United Kingdom, the European Union, the United Nations and other participants in the international community. For example, the Group has subsidiaries in Russia and Ukraine. The Group does not sell directly into the Crimea region but it is aware that indirect shipments may occur. In addition, certain of the Group's associates also operate their business and market their products in countries subject to trade restrictions. New or expanded export control regulations, economic sanctions, embargoes or other forms of trade restrictions imposed on Russia or other countries in which the Group does business may curtail its existing business and may result in serious economic challenges in these geographies, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group may be subject to, or impacted by, litigation or other legal proceedings (civil, tax, administrative or otherwise) which could materially adversely affect its business, financial condition, cash flows and results of operations

In the ordinary course of its business the Group is subject to legal claims and proceedings. As of the date of this Prospectus, the Group is not subject to any litigation or other legal proceedings of a material nature. However, the Company cannot guarantee that the results of future legal, tax or regulatory proceedings or actions will not materially harm its business, financial condition, cash flows or results of operations, nor can the Company guarantee that it will not incur material losses in connection with future legal or regulatory proceedings or actions that exceed any provisions the Company may set aside in respect of such proceedings or actions or that exceed any available insurance coverage. Material litigation could have adverse reputational and financial consequences for the Group. Any negative outcome with respect to any legal actions or proceedings in which one or more Group companies are involved in the future could have a material adverse effect on its business, financial condition, cash flows and results of operations.

Risks Related to Russia, Turkey and Certain Other Markets

The Group operates in a number of emerging markets, which exposes it to economic and political risks in these markets

In addition to its operations in Russia and Turkey, the Group has operations in a number of other emerging markets in the CIS, including Ukraine, Kazakhstan, Moldova, Georgia, Azerbaijan, Tajikistan, Kyrgyzstan and Turkmenistan, as well as Pakistan and countries in the Middle East, including Iraq and Jordan, which may expose the Group to risks greater than those associated with more developed markets. For the year ended 31 December 2020 and the three months ended 31 March 2021, sales revenue generated from these markets (other than Russia and Turkey) accounted for 42 per cent. and 46 per cent., respectively, of the Group's total sales revenue for the period. The Group's operations in these markets are subject to the risks of operating in emerging markets, including:

- political, economic and social instability, which could make it difficult for the Group to anticipate future business conditions in these markets;
- civil strife, ethnic conflict, religious and regional tensions, acts of war, terrorism and insurrection;
- trade barriers;
- currency fluctuations and hyperinflation;

- the consequences of corrupt practices on the economy;
- uncertainty of local contractual terms and of enforcing terms in disputes before local courts;
- expropriation or nationalisation of property;
- the introduction of exchange controls, capital controls, foreign investment controls, restrictions on foreign investments in sectors considered to be strategically important and other restrictions by foreign governments;
- generally less developed public infrastructure;
- difficulties in staffing and managing operations;
- logistical and communications challenges;
- the risk of uncollectible accounts and long collection cycles;
- boycotts and embargoes that may be imposed by the international community on countries in which it operates;
- labour unrest; and
- the complexities and uncertainties of complying with local law and regulatory requirements.

Such factors could affect the Group's results by causing interruptions to its operations, increasing the costs of operating in those countries or limiting the ability of the Group to extract profits from those countries. Moreover, emerging market economies are often affected by developments in other emerging market countries, and, accordingly, adverse changes in emerging markets elsewhere in the world could have a negative impact on the markets in which the Group operates as well as on the price of the Notes. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

Any failure by the Group to effectively manage these risks could have a material adverse effect on its business, financial condition, cash flows and results of operations.

Political developments in Russia and Turkey may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

Russia and Turkey have experienced volatile political conditions from time to time.

The Russian political system is vulnerable to tension and conflict between the authorities at the federal, subject (the 85 constituent entities comprising the federal state) and municipal levels. This tension creates uncertainties in the operating environment in Russia and could adversely affect the Group's ability to carry out its strategy effectively. Furthermore, ethnic, religious, historical and other divisions have on occasion given rise to tensions and, in certain cases, military conflict. Moreover, various acts of terrorism have been committed within the Russian Federation. In addition, negative media speculation or other negative public statements could adversely affect the reputation of the Russian Federation and companies associated with it, which in turn could adversely affect the Group's business. The risks associated with these events or potential events, and related negative public speculation, could materially and adversely affect the investment environment and overall consumer and entrepreneurial confidence in Russia, which in turn could have a material adverse effect on the Group's business, financial condition, cash flow and results of operations.

In addition, Turkey has from time to time experienced volatile political conditions. On 6 July 2019, President Erdoğan replaced Mr Murat Çetinkaya, the governor of the Central Bank, a year before his four-year term was scheduled to end, with Mr Murat Uysal. The board of the Central Bank then removed its chief economist and other high-ranking officials from office. On 7 November 2020, following a sharp depreciation of the Turkish Lira against the US Dollar, President Erdoğan replaced Mr Uysal with Mr Ağbal, after which the Central Bank increased the benchmark interest rate to 19 per cent. On 20 March 2021, President Erdoğan dismissed Mr Ağbal and replaced him with Mr Şahap Kavcıoğlu, a former member of the Grand National Assembly of Turkey for the Justice and Development Party ("AKP"). Following Mr Ağbal's dismissal, the value of the Turkish Lira decreased against the US Dollar and trading on the Borsa İstanbul was suspended after a sharp fall in share prices. On 30 March 2021, President Erdoğan dismissed the deputy governor of the Central Bank. As such, uncertainty in relation to the independence of the Central Bank and the Ministry of Treasury and Finance continues and failure to implement effective monetary and fiscal policies may adversely affect the Turkish economy.

Furthermore, although its role has diminished in recent years, the Turkish military establishment has historically played a significant role in Turkish government and politics. In July 2016, a group within the Turkish army attempted a coup. The Turkish government and security forces (including the Turkish army) stopped the coup and the Turkish government remained in control. Following the coup attempt, a two-year state of emergency was declared during which the Turkish government initiated legal proceedings against numerous institutions (including schools, universities, hospitals, associations and foundations) resulting in their closure and/or the seizure of their assets. Thousands of members of the military, the judiciary and the civil service as well as certain media outlets and businesses were arrested, dismissed or otherwise punished for furthering the attempted coup.

Any future political developments could contribute to the volatility of Turkish financial markets or have an adverse effect on investors' perception of Turkey, including Turkey's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions, which could in turn have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Economic instability in the Russian Federation and Turkey could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

The Russian economy has been subject to abrupt downturns in the past. While the Russian Government's anti-crisis measures softened the impact of the 2008 global financial and economic crisis on the Russian economy, the impact of issues, including tensions with the United States, negative investor sentiment arising from the disturbances in eastern Ukraine, international sanctions imposed on Russian organisations, companies and individuals, and the substantial depreciation of the Rouble against world currencies, have negatively impacted Russian GDP growth. According to the Russian Federal State Statistics Service, the Russian economy appeared largely stable in 2019, with GDP growing by 2.0 per cent., but this changed to a decline of 3.0 per cent. in 2020 due to the impact of the COVID-19 pandemic. The economic situation generally remains fragile, and negative investor sentiment may continue to negatively affect the Russian economy.

In addition, recently the Turkish economy has experienced severe macro-economic imbalances from time to time, including significant current account deficits, high inflation, foreign currency volatility and a considerable level of unemployment (12.94 per cent. as of 2020). In addition, the Turkish economy is vulnerable to both external and internal shocks, including changes in the economic policies of the United States, the European Union and other major economies, volatility in oil prices, changing investor sentiment, outbreaks of disease (e.g. SARS and COVID-19) and natural events such as earthquakes. Seeking to improve economic growth, in September 2020, the Turkish Treasury announced a new three-year medium-term economic programme for the years 2021 to 2023 (the "New Economic Programme"), setting GDP growth targets at 5.8 per cent for 2021 and 5 per cent. for 2022 and 2023. The Turkish Treasury expects its GDP to grow by 0.3 per cent. in 2020. There can be no assurance that the growth targets listed under the New Economic Programme will be achieved for the years 2021 to 2023 or that the Turkish economy will not experience additional volatility which will adversely affect the Group.

Domestic political conditions and macroeconomic factors remain of concern, particularly in light of the significant depreciation of the Turkish Lira in recent periods. This volatility of foreign exchange rates in particular has prompted the Central Bank to adopt stabilising measures and tighter monetary policies to support the financial markets and prevent volatility in the currency market. Using its interest rate policy, reserve requirements and other tools, the Central Bank attempted to lower inflationary pressures arising from exchange rate volatility, including significant hikes in interest rates in 2018 (which were then followed by large decreases in 2019 as inflation moderated), 2020 and 2021. Uncertainty regarding the economic agenda of the current government, the independence of the Central Bank and other factors have affected certain investors' perceptions of Turkey and the strength of the Turkish economy. Since 2016, Moody's has downgraded Turkey from Baa3 (negative outlook) to B2 (negative outlook) and Fitch has downgraded Turkey from BBB- (stable outlook) to BB- (stable outlook). During the same period, Standard & Poor's unsolicited rating for Turkey declined from BB+ (stable outlook) to B+ (stable outlook). Implementation of the foregoing policies and similar or other actions in the future are subject to a number of uncertainties (including as a result of the change of governance at the Central Bank), and the Turkish economy, inflation rates and foreign exchange rates may continue to experience difficult and volatile conditions in the future.

As a result of these factors, Turkey may experience a further significant economic crisis in the future, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Increases in inflation could adversely affect demand for the Group's products

Rising inflation in the markets in which the Group operates may have an adverse effect on demand for the Group's products. Turkey has in the past had, and continues to have, high levels of inflation that have been intensified by the impact of the COVID-19 pandemic. The Domestic Producer Price Index ("D-PPI") and Consumer Price Index ("CPI") in Turkey increased to 7.36 per cent. and 11.84 per cent., respectively, for the December 2018 to December 2019 period and to 25.15 per cent. and 14.60 per cent., respectively, for the December 2019 to December 2020 period (source: TurkStat). As of March 2021, the Producer Price Index ("PPI'') increased by 8.21 per cent. as compared to December 2020 and by 31.20 per cent. as compared to March 2020 (source: TurkStat). The CPI as of March 2021 increased by 3.7 per cent. as compared to December 2020 and by 16.19 per cent. as compared to March 2020 (source: TurkStat). Recent increases in prices, such as commodity and food prices, indicate further increases in inflation. While the Central Bank of Turkey increased interest rates in late 2020 and early 2021, the replacement of the governor of the Central Bank in March 2021 could result in a change in policy to reduce interest rates which could in turn lead to additional inflationary pressures in the Turkish economy. Higher rates of inflation, particularly if coupled with slowing GDP growth, could result in a reduction of the purchasing power of consumers. This could lead to lower consumption levels of the Group's products, particularly in the soft drink sector. PPI increases also impact the prices of the Group's products in Turkey through increased excise tax. Increases in inflation in the markets in which the Group operates, and particularly in its key markets of Russia and Turkey, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The size of Turkey's current account deficit or adverse changes in its balance of payments position could lead to government action, which could have a material adverse effect on the Group's business, financial condition and results of operations

In recent years, Turkey has had a significant current account deficit, which could leave its economy susceptible to declines in capital inflows and vulnerable to macroeconomic shocks. Moreover, Turkish policymakers may also take measures to decrease certain types of economic activity in an attempt to limit the current account deficit, which could have a negative impact on the Group's business.

Turkey's current account deficit was US$40.8 billion in 2017. As the economy slowed down throughout 2018, the current account deficit decreased to US$21.7 billion by year end. Due to ongoing weakness in economic activity, Turkey's current account balance in 2019 showed a surplus of US$6.8 billion, which was the first surplus since 2002; however, this development was temporary and in 2020 Turkey's current account deficit was US$36.8 billion due to various events and circumstances, including, amongst other things, the impact of COVID-19 on the public sector, a decline in Turkey's foreign trade and tourism revenues, political risks and an increase in the price of oil.

Although Turkey's growth dynamics depend to some extent upon domestic demand, Turkey is also dependent on trade with Europe. A decline in the economic growth of any of Turkey's major trading partners, such as the EU, is likely to have an adverse impact on Turkey's balance of trade and adversely affect Turkey's economic growth. Turkey has diversified its export markets in recent years, but the EU remains Turkey's largest export market. A decline in demand for imports into the EU could have a material adverse effect on Turkish exports and on Turkey's economic growth, which would in turn result in an increase in Turkey's current account deficit. To a lesser extent, Turkey also exports to markets in the Middle East, and the continuing political turmoil in certain of those markets could lead to a decline in demand for such imports, with a similar negative effect on Turkish economic growth and Turkey's current account deficit as described immediately above.

Turkey is an energy-dependent country and recorded US$28.9 billion of energy imports in 2020, US$41.7 billion of energy imports in 2019 and US$43.6 billion in 2018. Any geopolitical development impacting energy security could have a material impact on Turkey's current account balance. Volatile oil and natural gas prices, together with the Turkish Lira's depreciation against the US Dollar (in which most of Turkey's energy imports are priced), may have a negative impact on Turkey's current account deficit.

If the current account deficit widens more than anticipated, financial stability in Turkey may deteriorate. Financing the high current account deficit may be difficult in the event of a global liquidity crisis and/or declining interest or confidence of foreign investors in Turkey, and a failure to reduce the current account deficit could have a negative impact on Turkey's sovereign credit ratings.

Should the current account deficit widen persistently, this may lead to a sudden downward adjustment in the Turkish Lira with inflationary consequences, which could have an adverse effect on Turkey's debt servicing ability. There can be no assurance that inflationary pressures in Turkey and government intervention designed to counteract that pressure but which is harmful to the Group's interests will not occur in the future.

The value of the Turkish Lira has fluctuated significantly against other currencies and may continue to do so

For the year ended 31 December 2020, 31 per cent. of the Group's revenues and 25 per cent. of its cost sales and operating expenses were denominated in Turkish Lira. The Turkish Lira has demonstrated a significant degree of volatility in recent years, with particularly sharp depreciation, which has increased the foreign currency risk for the Group. In particular, the value of the Turkish Lira depreciated against major currencies in the recent years due to factors including increased risk perception in global markets regarding the market's expectation of the US Federal Reserve's increase of the US federal funds rate, and investors' perception of the Turkish political and economic environment. See "*—Political developments in Russia and Turkey may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations*". In nominal terms, between 31 December 2017 and 13 August 2018, the Turkish Lira depreciated by 82.4 per cent against the US Dollar. Following the announcement of measures to support the financial markets and prevent volatility in the currency market on 13 August 2018, the Turkish Lira appreciated by 23.2 per cent. against the US Dollar by 31 December 2018. However, between 31 December 2018 and 31 December 2020, the currency depreciated by 39.5 per cent. Following the dismissal of the Governor of the Central Bank of Turkey on 20 March 2021, the Turkish Lira depreciated by a further 14.6 per cent. against the US Dollar by 31 March 2021. Further macroeconomic uncertainties may result in future volatility in the value of the Turkish Lira, which could in turn adversely impact the Group's business.

Any significant further depreciation of the Turkish Lira against the US Dollar or other major currencies may adversely affect the financial condition of Turkey as a whole, which may in turn have a material adverse effect on the Group's business, financial condition, cash flows or results of operations.

Crime, corruption and social instability in Russia could disrupt the Group's ability to conduct business and could materially adversely affect its business, financial condition, cash flow and results of operations

Levels of organised criminal activity continue to be significant in Russia. The Russian and international press have reported high levels of corruption in Russia, including the bribing of officials for the purpose of initiating investigations by government agencies. Additionally, published reports indicate that a significant number of Russian media regularly publish biased articles in exchange for payment. Illegal activities, corruption or claims implicating the Group in illegal activities could have a material adverse effect on the Group's business, results of operations and financial condition.

Social instability in Russia, coupled with difficult economic conditions and the failure of salaries and benefits generally to keep pace with the rapidly increasing cost of living have led in the past to labour and social unrest (principally in urban areas). The rising level of unemployment and deteriorating standards of living in Russia could make labour and social unrest more likely in the future. Such labour and social unrest may have political, social and economic consequences, such as increased support for a renewal of centralised authority, increased nationalism, including restrictions on foreign involvement in the Russian economy and increased violence. Any of these could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

The Group's assets in Russia may be nationalised or expropriated despite existing legislation to protect against nationalisation and expropriation

Although the Russian Government has enacted legislation to protect property against expropriation and nationalisation and to provide fair compensation to be paid if such events were to occur, there can be no certainty that such protections will be enforced. This uncertainty is due to several factors, including the lack of state budgetary resources, the lack of a fully independent judicial system and the lack of sufficient mechanisms to enforce judgments.

The concept of property rights is not well established in the Russian Federation and there is not a great deal of experience in enforcing legislation enacted to protect private property against nationalisation and expropriation. As a result, the Group may not be able to obtain proper redress in the courts and may not receive adequate compensation if in the future the Russian Government decides to nationalise or expropriate some or all of the Group's assets. Although the Group is currently not aware of any plans, actions or decisions which may result in the expropriation or nationalisation of any of the Group's or its respective shareholders' assets, should such expropriation or nationalisation occur without fair compensation in the future, it may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Weaknesses relating to the Russian legal system and Russian legislation create an uncertain environment for investment and business activity

Russia continues to develop its legal framework in accordance with international standards and the requirements of a market economy. Since 1991, new Russian domestic legislation has been put into place. In July 2020, the Russian Constitution was amended to include a number of changes, including changes regarding presidential term limits, procedure of appointment and removal of federal judges and certain requirements for candidates to high-profile offices. The amendments to the Russian Constitution may trigger further changes in the Russian legal framework, and the impact of any such changes could have a material adverse effect on the Group's business, financial condition, cash flow and results of operations.

Several fundamental Russian laws have only recently become effective, including laws amending procedures for approval of major and interested party transactions, and there still remain gaps and inconsistencies in regulatory infrastructure. Consequently, certain areas of judicial practice are not yet fully settled and are therefore sometimes difficult to predict. Among the risks of the current Russian legal system are:

- inconsistencies among federal laws; decrees, orders and regulations issued by the President, the Russian Government, federal ministries and regulatory authorities; and regional and local laws, rules and regulations;
- limited judicial and administrative guidance on interpreting Russian legislation;
- the relative inexperience of judges, courts and arbitration tribunals in interpreting new principles of Russian legislation, particularly business and corporate law;
- a lack of judicial independence from political, social and commercial forces;
- bankruptcy procedures that are still under development;
- difficulty in enforcing court judgments in practice;
- substantial gaps in the regulatory structure due to delay or absence of implementing legislation; and
- a high degree of unchecked discretion on the part of governmental and regulatory authorities.

Unlawful, selective or arbitrary governmental actions have reportedly included denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions and the expropriation of property. The possibility of unlawful, selective or arbitrary governmental action, arising from the high degree of discretion afforded to state authorities in the markets in which the Group operates, also enhances opportunities for official corruption and extortion, as well as the penetration of organized crime into the economy, all of which is widely reported to be high in Russia.

Notwithstanding recent reforms of the Russian court system, the transitional state of the Russian legal system could affect the Group's ability to enforce its rights under contracts, or to defend itself against claims by others, which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Unpredictable tax systems give rise to significant uncertainties and risks that could complicate the Group's tax planning and business decisions

The Group operates in jurisdictions where the tax systems are unpredictable, which gives rise to significant uncertainties and complicates the Group's tax planning and business decisions. As emerging market economies, the government policies and regulations on taxation, customs and excise duties within the jurisdictions in which the Group operates may change from time to time as is considered necessary for the development of the economy. The tax authorities are often arbitrary in their interpretation of tax laws, as well as in their enforcement and tax collection activities.

For example, Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. Tax audits or inspections may result in additional costs to the Group, in particular if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year. It is possible that new revenue-raising measures could be introduced. Although it is unclear how any new measures would operate, the introduction of such measures may affect the Group's overall tax efficiency and may result in significant additional taxes becoming payable. It is possible that despite the best efforts of the Group to comply with the tax laws and regulations of the jurisdictions in which it operates, certain transactions and activities of the Group that have not been challenged in the past may be challenged in the future, resulting in a greater than expected tax burden, exposure to significant fines and penalties and potentially severe enforcement measures for the Group.

In Russia, recent developments show that tax authorities are scrutinising various tax planning and mitigation techniques used by taxpayers, including international tax planning. In particular, Russia introduced "controlled foreign companies" rules, the concept of "tax residency for an organisation" and the "beneficial ownership" concept, and is increasingly engaged in the international exchange of tax and financial information (including through country-by-country reporting standards and common reporting standards developed and approved by the Organisation for Economic Co-operation and Development (the "OECD")). In 2017, Russia signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS ("MLI"), implementing a series of tax treaty measures to update international tax rules and lessen the opportunities for tax avoidance. MLI became enforceable in Russia from 1 January 2021 in respect of taxes with sources within the Russian Federation.

It is currently unclear how the various tax authorities will interpret and apply new tax provisions and what will be the possible impact on the Group. Therefore, it cannot be excluded that the Group might be subject to additional tax liabilities if these changes are applied to transactions carried out by the Group.

Geopolitical risks may have an adverse effect on the stability of the Turkish economy and thereby the business of the Group

Turkey has experienced increasingly turbulent relations with the United States and members of the European Union in recent years, which have affected the macroeconomic stability of the Turkish economy as well as the value of the Turkish Lira.

Risks arising from events affecting Turkey's relationship with the United States

Various recent events have impacted the bilateral relationship between Turkey and the United States. For example, in August 2018, the United States imposed sanctions on two Turkish ministers for their involvement in the arrest and detention of American pastor Andrew Brunson. Reciprocal Turkish sanctions were followed by the imposition of import tariffs on certain goods by both countries. These actions contributed to a decline in the value of the Turkish Lira, which fell to a record low before subsequently recovering due to Central Bank actions and an improvement in relations between Turkey and the United States following the release of Mr. Brunson on 12 October 2018 and the subsequent removal of the sanctions. However, on 14 October 2019, the United States announced sanctions on Turkey's Ministry of National Defence, the Ministry of Energy and Natural Resources and the ministers of national defence, energy and natural resources, and interior in response to a joint Turkish-Syrian military offensive in northern Syria. Although US sanctions were lifted on 23 October 2019 after Turkey agreed to pause its military offensive, relations between the two countries remained strained on various topics, including the conviction of an executive of Türkiye Halk Bankası A.Ş. ("Halkbank") (who was released in July 2019 after serving his sentence). The United States may impose additional sanctions on Turkey, Turkish military personnel, political figures or entities and may also take other actions that may negatively impact the Turkish economy or Turkey's relationship with the United States.

In December 2017, Turkey entered into an agreement with Russia for the purchase of S-400 missile defence systems independent of the North Atlantic Treaty Organisation ("NATO"), prompting the United States to threaten sanctions unless Turkey cancelled the purchase. In July 2019, Turkey accepted the first shipment of the S-400 missile defence system and in response the United States suspended Turkey's subcontracting work on the F-35 fighter programme. The United States subsequently terminated Turkey's subcontracting work. The

United States or other NATO members may take further actions against Turkey as a result of significant purchases of Russian-made weapons.

Risks arising from events affecting Turkey's relationship with the European Union

On 17 December 2004, the European Union commenced accession negotiations with Turkey and affirmed that Turkey's candidacy to join the European Union would require the implementation of a range of political, legislative and economic reforms. Despite Turkey's implementation of various reforms, the relationship between Turkey and the European Union has become strained. In recent years, conflicting claims over several important natural gas reserves in the territorial waters and exclusive economic zone of the island of Cyprus by the Republic of Southern Cyprus an EU member state supported by Greece but not legally recognised by Turkey, and the Turkish Republic of Northern Cyprus, supported by Turkey but not legally recognised by the European Union, resulted in the suspension high-level meetings between the European Union and Turkey, the reduction of pre-accession assistance to Turkey for 2020, and sanctions against two executives of a Turkish drilling company in February 2020. There can be no assurance that a mutually acceptable resolution to the dispute will be found. Any decision by the European Union to end Turkey's EU accession bid or to impose additional sanctions on Turkey, Turkish individuals or Turkish entities may further strain or result in (or contribute to) a further deterioration in the relationship between Turkey and the European Union or certain of its member states. which might in turn have a negative impact on investors' perceptions of Turkey and the broader Turkish economy for reasons including the lack of Turkey's access to EU funding.

Further diplomatic and political tensions with the United States the European Union or other countries and/or other political circumstances (and related actions, rumours and/or uncertainties) may result in volatility in Turkish financial markets and have an adverse effect on investors' perception of Turkey or on Turkey's economy, domestic political institutions and/or domestic social conditions. Any of these events may in turn have a material adverse effect on the Group's business, financial condition, cash flows and results of operations or on the market price of the Notes.

If the Group does not successfully comply with applicable anti-corruption laws, export control regulations and economic sanctions regimes, it could become subject to fines, penalties or other regulatory sanctions, as well as to adverse press coverage, which could adversely affect its reputation, sales or profitability

The Group operates its business and sells its products in markets that, as a result of political, societal and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present it with political, economic and operational risks. Although the Group is committed to conducting business in a legal and ethical manner in compliance with local and international laws and regulations applicable to its business, there is a risk that management, employees or other representatives of its subsidiaries, affiliates, associates, joint ventures or other business interests may take actions that violate applicable anti-corruption laws and regulations. Such actions could expose the Group to potential liability and the costs associated with investigating potential misconduct. In addition, any press coverage associated with misconduct under these laws and regulations, even if unwarranted or baseless, could damage the Group's reputation and sales.

The Group also operates in countries that may be subject to economic sanctions and other forms of trade restrictions imposed by the United States, the United Kingdom, the European Union, the United Nations and other participants in the international community. For example, the Group has subsidiaries in Russia and Ukraine. While the Group does not sell directly into the Crimea region, it is aware that indirect shipments may occur. In addition, the Group's Russian subsidiaries may from time to time and in the ordinary course of business engage with counterparties that are subject to certain sanctions, such as the Russian banks which are subject to sectoral sanctions imposed by the United States, United Kingdom, the European Union and other countries. The Group also has an indirect interest in a Syrian soft drinks bottler, which has not had active operations or generated revenue for the last five years. In addition, the Group licenses the production of malt beverages in Iran to a counterparty in Iran for fees of approximately EUR 173,000 over the past three years, amounting to less than 0.01 per cent. of the Group's consolidated revenue. Two of the minority shareholders in this counterparty are designated as specially designated nationals under the US sanctions programme. Although US or EU sanctions do not directly apply to the Group's dealings with sanctioned persons in the above jurisdictions where these dealings are conducted by legal entities that are not US or EU persons, respectively, the United States maintains so called "secondary" sanctions threatening the imposition of a range of sanctions against non-US entities engaging in, among other activities, targeted activities involving certain countries and sectors of their economies, like Russia or Iran, or sanctioned persons outside of US jurisdiction. While the actual imposition of US secondary sanctions requires affirmative action by the US administration and is thus in practice discretionary, potential sanctions can be as severe as designation for blocking sanctions, which involves the complete blocking of all transactions and property of the blocked person or entity within US jurisdiction, including US Dollar and securities clearing transactions. If the Group becomes subject to economic sanctions, there may be significant restrictions or bans imposed on dealings with the Group. Any non-compliance with US, UK, EU, UN or other sanctions programmes could expose the Group to significant fines and penalties and to enforcement measures, which in turn could adversely impact its business, financial condition, cash flows and results of operations. In such circumstances, the imposition of sanctions on the Group could negatively affect, among other things, the ability of Noteholders to receive payments under the Notes.

None of the proceeds of the issue of the Notes will be used in any manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of US, EU, UN or UK sanctions or to fund or facilitate activities that could reasonably be expected to be a basis for the imposition of sanctions or penalties on such person.

Conflict, civil unrest and terrorism within Turkey or conflict, civil unrest and terrorism in neighbouring and nearby countries, may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations

Turkey has experienced problems with terrorist and ethnic separatist groups as well as other political unrest within its territory. In particular, Turkey has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by various states and organisations including Turkey, the European Union and the United States). Turkey has from time to time been the subject of terrorist attacks, including bombings and mass shootings in recent years in its tourist and commercial centres in İstanbul, Ankara and various coastal towns, and attacks against its armed forces.

Furthermore, political instability and in some cases conflict has increased markedly in a number of countries in the Middle East, such as Syria, Iraq, Yemen, Jordan and Bahrain. Elevated levels of conflict in Iraq and Syria have caused a significant displacement of people. Turkey is among the countries that have taken a significant number of Syrian refugees which has and will continue to put a strain on the country's economic and social systems. Tensions have also increased between a number of Middle Eastern states, notably Iran and Saudi Arabia. Unrest in these countries have had and may continue to have political implications in Turkey or otherwise have a negative impact on Turkish economy, including through both financial markets and the real economy.

Terrorist attacks and conflict in neighbouring states have had and may continue to have a material adverse effect on Turkey's capital markets, the level of tourism, foreign investment and other elements of the Turkish economy, which may in turn have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

A number of the Group's production facilities in Turkey are located in high-risk earthquake zones

Almost 45 per cent. of Turkey's population and most of its economic resources are located in a first-degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes) and a number of the Group's properties in Turkey are located in high-risk earthquake zones. On 24 January 2020, an earthquake measuring 6.7 on the Richter scale struck the eastern provinces of Elazığ and Malatya. On 30 October 2020, the western province of Izmir was hit by an earthquake measuring 7.0 on the Richter scale, causing significant property damage and 115 deaths and injuring 1,034 people, including in the city of Izmir, Turkey's third-most populous city. While the Group's Izmir brewery was not impacted by the earthquake, there can be no assurance that future seismic events will not affect the Group's other properties in Turkey.

The Company's headquarters and the Group's Izmir brewery is located in first degree earthquake risk zones, while its Adana brewery is located in a second degree earthquake risk zone and its Ankara brewery is located in a third degree earthquake risk zone. In addition, the Group has Coca-Cola production facilities in Çorlu and Bursa, which are located in first degree earthquake risk zones, in Kemalpasa, which is located in a second degree earthquake risk zone, and in Ankara and Mersin, which are located in third degree earthquake risk zones. Although the Group maintains earthquake insurance, business interruption insurance and insurance for loss of profits, there can be no assurance that it will be able to fully enforce its rights under these policies. The occurrence of a severe earthquake could adversely affect one or more of the Group's facilities, causing an interruption to, and having an adverse effect on, its business. In addition, a severe earthquake could severely harm the Turkish economy in general, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Company's credit ratings may not reflect all risks associated with an investment in the Notes, and changes to Turkey's credit ratings may affect the Company's ability to obtain funding

The Company is rated BBB- by each of Fitch and SPGRE. The Notes are expected to be rated BBB- by Fitch and BBB- by SPGRE. In addition to the ratings on the Notes provided by Fitch and SPGRE, one or more other independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. The ratings might not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings from Fitch and SPGRE will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the United Kingdom are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the United Kingdom, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of either of the rating agencies rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation (noting that currently Fitch is established in the United Kingdom and registered in accordance with the UK CRA Regulation and SPGRE is established in the EEA and is registered in accordance with the CRA Regulation), relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the United Kingdom and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Moreover, a downgrade or potential downgrade of the Turkish sovereign credit rating (rated B+ (stable outlook) by Standard & Poor's, BB- (stable outlook) by Fitch and B2 (negative outlook) by Moody's) could negatively affect the Company's ratings. Investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Disruption to, or increased cost of, railway transportation of raw materials and beverages in Russia and other CIS countries could adversely affect the Group's business

Railway transportation is the principal means of transporting raw materials to the Group's production facilities and finished products to customers in Russia and, to a lesser degree, other CIS countries. The Group's operations in Russia and, to a lesser degree, other CIS countries depend on the Russian and other national rail systems for transportation of raw materials and products. In Russia and other CIS countries, the rail system and related infrastructure has generally not been adequately maintained or modernised since the dissolution of the Soviet Union. This lack of upkeep could lead to derailments or other accidents on the line. Moreover, the Russian government sets domestic rail freight prices, which are subject to adjustment based on, among other factors, inflation and the acute funding needs of the capital investment programme in the railway system, and in the past tariff price increases have been significantly higher than inflation. If rail tariffs or freight prices increase further, or there is a disruption in transportation of the Group's raw materials or finished products due to accidents or other infrastructure issues, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Turkish disclosure standards differ in certain significant respects from those in more developed markets, leading to a relatively limited amount of information being available

The Company is a public company listed on the Borsa İstanbul and is subject to public disclosure rules set forth by the CMB. The accounting, financial, corporate governance and other disclosure obligations applicable to public companies in Turkey are less exhaustive than those in the European Union, the United States or in other jurisdictions with major capital markets. There is less publicly available information on businesses in Turkey than is regularly published by similar businesses in the European Union, the United States or in other similar markets and any information that is published might only be presented in Turkish. Certain disclosure rules and limited corporate governance standards have been adopted, but their interpretation and application are still evolving. Many aspects of laws and regulations in Turkey relating to public companies and the capital markets have not yet been subject to judicial or regulatory interpretation or review and are therefore still subject to certain uncertainties with respect to their applications. As a result, investors might not have access to the same depth of disclosure relating to the Group as they would for investments in companies in the European Union, the United States and other similar markets.

Shareholder liability under Russian legislation could cause the Group to become liable for the obligations of its subsidiaries

Russian legislation provides that a company ("effective parent") which can make decisions for another company ("effective subsidiary") bears joint and several responsibility for transactions entered into by the effective subsidiary in carrying out instructions of the effective parent, or upon approval of the effective parent. This rule does not apply (i) if the relevant transaction is approved by the effective parent at the general shareholders' meeting of the effective subsidiary, or (ii) if the relevant transaction is approved by the governing body of the effective parent, provided that such approval is required under the charter of the effective subsidiary and/or the effective parent. Shareholders of the effective subsidiary may claim for damages incurred by the effective subsidiary as a result of the action or inaction of the effective parent. In addition, the effective parent is secondarily liable for the effective subsidiary's debts if the effective subsidiary becomes insolvent (bankrupt) as a result of the action or inaction of the effective parent. If Anadolu Efes as the effective parent is found liable for the debts of its effective subsidiaries, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Risks Related to the Notes and the Group's Capital Structure

Set out below is a description of material risks relating to the Notes.

The Notes will constitute unsecured obligations of the Company

The Company's obligations under the Notes will constitute unsecured obligations of the Company. Accordingly, any claims against the Company under the Notes would be unsecured claims. The ability of the Company to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows, which could be affected by (*inter alia*) the circumstances described in these "*Risk Factors*".

Claims of Noteholders under the Notes are effectively subordinated to those of certain other creditors and liabilities of the Company's subsidiaries. Noteholders will also not have the benefit of the negative pledge or certain of the "Events of Default" under the Notes in respect of CCİ and neither the negative pledge nor any of the events of default will apply to any of CCİ's subsidiaries

The Notes are unsecured and unsubordinated obligations of the Company. The Notes will rank equally with all of the Company's other unsecured and unsubordinated indebtedness; however, the Notes will be effectively subordinated to the Company's secured indebtedness and securitisations, if any, to the extent of the value of the assets securing such transactions, and will be subject to certain preferential obligations under Turkish law, such as wages of employees.

Generally, lenders and trade and other creditors of the Company's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Company, as direct or indirect shareholder. Any debt that the Company's subsidiaries may incur in the future will also rank structurally senior to the Notes.

In addition, in the case of CCİ and its subsidiaries, Noteholders will not have the benefit of the negative pledge in respect of (i) any Principal Property (as defined in Condition 4.2) owned or leased by any of them or (ii) the shares of CCİ or any of its subsidiaries owning or leasing any such property. Accordingly, the terms of Notes will not prevent or impose any limitation on CCİ or its subsidiaries creating or having outstanding any secured indebtedness or entering into any sale and lease back transaction in respect of such property. See Condition 4 (*Covenants*).

The cross-acceleration provisions included in the Events of Default (as defined in Condition 10 (*Events of Default*)) under the Notes also do not apply to CCİ or any of its subsidiaries (see Condition 10.1(c)) and CCİ's subsidiaries are further excluded from the application of the Events of Default more generally. Accordingly, Noteholders will not have any right to accelerate repayment of the Notes as a result of any default by CCİ or any of its subsidiaries in respect of any of their outstanding indebtedness for borrowed money or, in the case of CCİ's subsidiaries, any related or other events that may otherwise give rise to an Event of Default.

Total borrowings and trade payables of CCİ and its subsidiaries as at 31 March 2021 were TRL 9,051.4 million.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Although application has been made for the Notes to be admitted to the Official List and to trading on the Regulated Market, there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained. If a market for the Notes does develop, it may not be very liquid. Accordingly, the Company can give no assurance as to the development or liquidity of any trading market for the Notes. In addition, liquidity may be limited if the Company makes large allocations to a limited number of investors. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Company.

The market price of the Notes may be subject to a high degree of volatility

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale by the Group of other debt securities, as well as other factors, including the trading market for notes issued by the Republic of Turkey. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Company's financial condition or results of operations.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the European Union or other similar jurisdictions.

Emerging markets such as Turkey are subject to a greater risk of being perceived negatively by investors based upon external events (for example, volatility in the emerging markets, monetary policies in the United States and the Eurozone, continued violence in Syria and Iraq or a slowdown in China's growth) than more-developed markets. Moreover, international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors. Developments or economic conditions in other emerging market countries have at times significantly affected, and may in the future affect, the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments. Financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in other emerging market countries, as investors move their investments to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. Investors' interest in the Notes might be subject to fluctuations that might not necessarily be related to economic conditions in Turkey or the financial performance of the Group, which might in turn have an adverse impact on the prices of Turkish, including the Notes.

Transfer of investments in the Notes will be subject to certain restrictions

Although the Notes have been authorised by the CMB pursuant to Decree 32, the Capital Markets Law, the Communiqué on Debt Instruments and other related legislation as debt securities to be offered outside of Turkey, the Notes have not been and are not expected to be registered under the Securities Act or any applicable state's or other jurisdiction's securities laws or with the United States Securities and Exchange Commission or any other applicable state's or other jurisdiction's regulatory authorities. The offering of the Notes will be made pursuant to exemptions from the registration requirements of the Securities Act and from other securities laws. Accordingly, reoffers, resales, pledges and other transfers of interests in the Notes will be subject to certain transfer restrictions. Each investor is advised to consult its legal advisers in connection with any such reoffer, resale, pledge or other transfer. See "*Transfer Restrictions*".

Because transfers of interests in the Global Certificates can be effected only through book entries at DTC, Clearstream, Luxembourg and/or Euroclear (as applicable) for the accounts of their respective participants, the liquidity of any secondary market for investments in the Global Certificates may be reduced to the extent that some investors are unwilling to invest in notes held in book-entry form in the name of a participant in Clearstream, Luxembourg, Euroclear or DTC, as applicable. The ability to pledge interests in the Notes may be limited due to the lack of a physical certificate. In the event of the insolvency of Euroclear, Clearstream, Luxembourg, DTC or any of their respective participants in whose name interests in the Notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Notes may be impaired.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

The Notes will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by Global Certificates, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The conditions of the Notes contain certain provisions which may permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings of Noteholders to vote upon matters affecting their interests generally or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. As a result, such binding decisions made by majorities of Noteholders may be adverse to the interests of potential investors.

The Company may create and issue further Notes

The Company may from time to time without the consent of the Noteholders create and issue further Notes, having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

It may not be possible for investors to enforce foreign judgments against the Company or its management

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Company reside inside Turkey and all or a substantial portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under Turkish International Private and Procedure Law of the Republic of Turkey (Law No. 5718), a judgment of a court established in a country other than the Republic of Turkey may not be enforced in Turkish courts in certain circumstances. Although Turkish courts generally recognise enforceable judgments of English courts on the basis that there is *de facto* reciprocity between the United Kingdom and Turkey with respect to the enforcement of judgments of their respective courts, there is no treaty between the United Kingdom and Turkey providing for reciprocal enforcement of judgments. For further information, see "*Enforcement of Judgments and Service of Process*".

The Conditions of the Notes are governed by English law and the terms are specified with reference to that law as in effect as at the date of this Prospectus. Similarly, the enforcement rights of the Noteholders against the Company and its assets assume the application of Turkish law as presently in effect. Any possible judicial decision or change to English or Turkish law or administrative practice after the date of this Prospectus may impact the Notes.

Furthermore, any claim against the Company that is denominated in a foreign currency would, upon pronouncement of bankruptcy of the Company, only be payable in Turkish Lira, thereby shifting the currency exchange risk from the Company to the Noteholders. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations

The terms and conditions of the Notes provide that the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll (each as defined below), and any non-contractual obligations arising out of or in connection with the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll, are governed by, and will be construed in accordance with, English law. Similarly, the enforcement rights of the Noteholders against the Issuer and its assets in Turkey assume the application of Turkish law as presently in effect. Any possible judicial decision or change to English or Turkish law or administrative practice after the date of this Prospectus may impact the Notes.

However, the Turkish International Private and Procedure Law (Law No. 5718) imposes certain restrictions in relation to the choice of law for certain non-contractual obligations. In particular, the Turkish International Private and Procedure Law (Law No. 5718) provides that parties are permitted to choose the law applicable to claims relating to tort and/or unjust enrichment only after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment. As a result, a Turkish court may refuse to apply English law to any such non-contractual obligations arising out of or in connection with the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant or the Deed Poll.

The Company is a holding company and depends to a certain degree on the results of operations of its subsidiaries

While the Company has significant revenue-generating operations of its own, it still depends to a certain degree upon dividends, permitted repayment of intercompany debt, if any, and other transfers of funds from its subsidiaries and joint ventures. Certain of the Company's subsidiaries (including EBI and CCİ) are parties to various loan agreements, as a result of which a portion of their cash flows goes to paying interest and principal on outstanding borrowings under these facilities. Additional restrictions on the distribution of cash to the Company arise from, among other things, applicable corporate and other laws and regulations and by the terms of other agreements to which its subsidiaries are or may become subject. As a result of the above, the Company's ability to service cash interest payments or other cash needs may be restricted. If the Company's subsidiaries and joint ventures are unable to pay dividends or otherwise transfer funds to it, then it may be unable to satisfy its obligations to pay interest on the Notes and would be required to refinance these obligations to avoid default. The Company can provide no assurance that its own revenue-generating operations will be sufficient to provide the necessary funds, that it will be able to obtain the necessary funds from its subsidiaries or joint ventures or that it would be able to refinance its obligations.

Investors whose financial activities are denominated in a currency or currency unit other than US Dollars may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls

The Company will pay principal and interest on the Notes in US Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than US Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US Dollar would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in US Dollars into the Investor's Currency, which could have a material adverse effect on the market value of the Notes. There may also be tax consequences for investors.

The Company will have the right to redeem the Notes upon the occurrence of certain changes requiring it to pay withholding taxes in excess of levels, if any, applicable to interest or other payments on the Notes on the Issue Date of the Notes

The withholding tax rates on interest payments in respect of bonds issued by Turkey-resident corporations outside of Turkey vary depending upon the original maturity of such bonds as specified under the Tax Decrees. Pursuant to the Tax Decrees, with respect to bonds that are issued by Turkey-resident corporations outside of Turkey with a maturity of three years or more, the withholding tax rate on interest is 0 per cent. Accordingly, under current Turkish tax law, a withholding tax at the rate of 0 per cent. should apply to interest on the Notes.

The Company will have the right to redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2) or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 25 June 2021, on the next Interest Payment Date (i) the Company would be required to pay additional amounts as provided or referred to in Condition 8 and (ii) the Company would be required to make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, at a rate in excess of the prevailing applicable rates on 25 June 2021, and the requirement cannot be avoided by the Issuer taking reasonable measures available to it.

Upon such a redemption, investors in the Notes might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the Notes.

This redemption feature is also likely to limit the market value of the Notes at any time when the Company has the right to redeem them as provided above, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law or regulation is yet to become effective.

Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade

The denominations of the Notes are US$200,000 and integral multiples of US$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of US$200,000 that are not integral multiples of US$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds an amount of less than US$200,000 would need to purchase an amount of Notes such that it holds an amount equal to at least US$200,000 to be able to trade such Notes.

Noteholders should be aware that Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade.

PRESENTATION OF INFORMATION

Presentation of Financial Information

Financial Information

As the Company is listed on the Borsa İstanbul the Audited Consolidated Financial Statements (as defined below) are required to be prepared in accordance with Communiqué Serial: 11-14.1, "Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 dated 13 June 2013. According to Article 5 of the communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations. The reviewed Q1 2021 Reviewed Interim Financial Statements (as defined below) were prepared in accordance with TAS 34 "Interim Financial Reporting" ("TAS 34"). The Audited Consolidated Financial Statements and the Q1 2021 Reviewed Interim Financial Statements have not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ("Article 3 of Regulation (EC) No 1606/2002"). There may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information of the Company. TAS differ from International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"). See "*Appendix A—Summary of Certain Differences between IFRS and CMB Financial Reporting Standards*" for a discussion of the significant differences between IFRS and TAS.

The Group's consolidated financial statements include:

- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2019 (the "2019 Audited Consolidated Financial Statements");
- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2020 (the "2020 Audited Consolidated Financial Statements"); and
- the Group's unaudited reviewed condensed consolidated interim financial statements as at and for the three months ended 31 March 2021 (the "Q1 Reviewed 2021 Interim Financial Statements").

The 2019 Audited Consolidated Financial Statements are, together with the 2020 Audited Consolidated Financial Statements, referred to in this Prospectus as, the "Audited Consolidated Financial Statements". The Audited Consolidated Financial Statements, together with the Q1 2021 Reviewed Interim Financial Statements, are referred to in this Prospectus as, the "Consolidated Financial Statements".

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Deloitte Turkey"), a member of Deloitte Touche Tohmatsu Limited ("Deloitte''), independent auditors, audited the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements as stated in their reports thereon included in this Prospectus, without qualification, in accordance with the Standards on Auditing as issued by the CMB and the Standards on Independent Auditing, which are part of the Turkish Auditing Standards as issued by the POA. Deloitte Turkey reviewed the Q1 2021 Reviewed Interim Financial Statements as stated in their review report thereon included in this Prospectus in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the POA.

The Group consists of the Company and its subsidiaries and joint ventures. See Note 1 of the 2020 Audited Consolidated Financial Statements for a list of subsidiaries that are fully consolidated with the results of the

Company and of joint ventures that are accounted in accordance with the equity method described in TAS 27 “Consolidated and Separate Financial Statements” (“TAS 27”). In particular, the results of Anadolu Etap are accounted for using the equity method because the current governance structure and agreements among the shareholders of Anadolu Etap do not allow any shareholder to fully control and consolidate the business.

The Audited Consolidated Financial Statements and the Q1 2021 Reviewed Interim Financial Statements, together with the respective notes thereto, are included in this Prospectus beginning on page F-2.

Segment Presentation

Prior to 2021, the Group had three operating segments consisting of International Beer, Domestic Beer and Soft Drinks. As of 31 March 2021, the Group presented International Beer and Domestic Beer as a single operating segment, being the Beer Group, because the Beer Group meets the aggregation criteria under TFRS 8 “Operating Segments” because the contribution of Domestic Beer to the Group’s performance has become relatively less significant over time following the merger of the Group’s and AB InBev’s Russian and Ukrainian operations in 2018. In this Prospectus, the Group presents segmental information for the periods covered by the Consolidated Financial Statements on the basis of two segments: Beer Group and Soft Drinks. As a result of the aggregation of International Beer and Domestic Beer into the Beer Group, the amounts presented for segment revenues, cost of sales, and EBITDA (BNRI) in this Prospectus have been adjusted from the amounts presented in the Audited Consolidated Financial Statements to eliminate inter-segment revenues and costs between International Beer and Domestic Beer. Additionally, as of 31 March 2021, the Group changed the way it calculates its EBITDA (BNRI), the measure used to assess segment performance, to exclude the impact of non-recurring items. See “*Operating and Financial Review—Results of Operations for the Years Ended 31 December 2020, 2019 and 2018*” for further information.

Sources of Financial Information

As a result of certain restatements and reclassifications detailed below, the financial information included in this Prospectus, unless otherwise stated, is derived from the following sources:

- Financial information as at and for the three months ended 31 March 2021 (“Q1 2021 Financial Information”) is derived from the Q1 2021 Reviewed Interim Financial Statements;

- Financial information as at and for the three months ended 31 March 2020 (“Q1 2020 Financial Information”) is derived from the comparative financial information as at and for the three months ended 31 March 2020 (“Q1 2020 Comparative Information”) included in the Q1 2021 Reviewed Interim Financial Statements;

- Financial information as at and for the year ended 31 December 2020 (“2020 Financial Information”) is derived from the 2020 Audited Consolidated Financial Statements, with the exception of information from the statement of financial position, which is derived from the comparative financial information as at 31 December 2020 (the “2020 Comparative Information”) included in the Q1 2021 Reviewed Interim Financial Statements;

- Financial information as at and for the year ended 31 December 2019 (“2019 Financial Information”) is derived from the comparative financial information as at and for the year ended 31 December 2019 (“2019 Comparative Information”) included in the 2020 Audited Consolidated Financial Statements;

- Financial information as at and for the year ended 31 December 2018 (“2018 Financial Information”) is derived from the comparative financial information as at and for the year ended 31 December 2018 (“2018 Comparative Information”) included in the 2019 Audited Consolidated Financial Statements; and

- Segmental information is derived from the regularly maintained records and accounting systems of the Group.

Comparability of Financial Information

The comparability of the financial information for the periods presented in this Prospectus has been impacted by changes in certain restatements and reclassifications and the adoption of new and revised TFRS standards, as described below. For these reasons, the statement of financial position as at 31 December 2020 is not directly comparable to the statement of financial position as at 31 December 2019, and the financial information as at and for the year ended 31 December 2019 is not directly comparable to the financial information as at and for the year ended 31 December 2018. However the Company has concluded that the effect of these changes is not material.

Restatements and Reclassifications

Comparative Financial Information as at 31 December 2020

In the Q1 2021 Reviewed Interim Financial Statements, the 2020 Comparative Information was reclassified to correct (i) an error in the classification of a provision amounting to TRL 77.1 million in other current liabilities and (ii) an error in the classification of a provision amounting to TRL 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the first reclassification, TRL 77.1 million has been reclassified to trade payables. As a result of the second reclassification, a credit of TRL 53.1 million has been reclassified to current prepaid expense and a credit of TRL 4.5 million has been reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For more information, see Note 2. to the Q1 2021 Reviewed Interim Financial Statements, which are included in this Prospectus.

Comparative Financial Information for the Three Months Ended 31 March 2020

In the Q1 2021 Reviewed Interim Financial Statements, the Q1 2020 Comparative Information was restated to correct an error or adjust certain line items.

There was an error in the presentation of the effects of the foreign exchange gain/(loss) related to foreign currency denominated trade payables. As a result of the restatement, trade payables to third parties increased by TRL 67.0 million, other operating expenses increased by TRL 73.3 million, the deferred tax asset grew by TRL 13.4 million, deferred tax income/(expense) increased by TRL 14.7 million and currency translation differences increased by TRL 2.5 million.

During the year ended 31 December 2020, the Group also revised its estimation of the useful life of spare parts, reducing its assumption regarding such useful life from 20 years to 10 years. This change was reflected in the 2020 Audited Consolidated Financial Statements, effective as of 2 January 2020, and, in order to enable a comparison with the prior period, the Group restated the Q1 2020 Comparative Information. The impact of this restatement for the three months ended 31 March 2020 is an increase of depreciation expense of TRL 38.9 million.

Furthermore, the Q1 Comparative Information was reclassified to correct two classification errors. Firstly, the information was reclassified to correct an error in the classification of the foreign exchange gain/(loss) included in other income and expense from operating activities and finance income and expense. As a result of the reclassification, other income and expense from operating activities and finance income and expense were reduced by TRL 49.5 million and TRL 25.3 million, respectively. Secondly, the Q1 Comparative Information was reclassified to correct an error in the classification of gain/(loss) arising from the termination of lease agreements included in financial income/(expense). This reclassification resulted in the gross amount being reduced by TRL 18.5 million. Neither classification had an effect on the previous year's losses and net profit for the relevant period.

For more information, see Note 2. to the Q1 2021 Reviewed Interim Financial Statements, which are included in this Prospectus.

Comparative Financial Information as at and for the Year Ended 31 December 2019

In the 2020 Audited Consolidated Financial Statements, the 2019 Comparative Information was restated in order to correct, adjust or reclassify certain line items in the consolidated income statement for the year ended 31 December 2019 and the consolidated statement of financial position as at 31 December 2019, as described in Note 2.35 to the 2020 Audited Consolidated Financial Statements. A reconciliation from the 2019 Audited Consolidated Financial Statements to the 2019 Comparative Financial Information has also been presented in Note 2.35 to the 2020 Audited Consolidated Financial Statements.

The 2019 Comparative Information has principally been restated for:

- the classification of the Doğadan business in the Group's Soft Drinks segment as discontinued operations;
- changes to other payables, other income from operating activities, deferred tax income, and deferred tax assets in the Beer Group segment related to deposit liability of returnable bottles pursuant to TAS 8, which the Group applied retrospectively in order to present its financial status and performance in the financial statements more accurately;
- the net representation of the foreign exchange gain/(loss) included in other income and expense from operating activities and finance income and expense were reclassified to correct an error in the classification;
- the reclassification of the tax effect of the effective part of the change in the value of bonds and loans, from period tax (expense)/income to deferred tax (expense)/income; and
- the reclassification of long term other payables to long term trade payables and short term other provisions to short term trade payables.

As of 1 April 2020, the sales and distribution activities of the Doğadan business, a non-ready to drink tea, in Turkey, were terminated. Items belonging to the Doğadan business were classified as discontinued operations in accordance with TFRS 5 in the 2019 Comparative Information. As a result of the reclassification, revenue of TRL 237.2 million, cost of sales of TRL 212.0 million, sales, distribution and marketing expenses of TRL 21.8 million and tax expense of TRL 0.8 million were presented in profit from discontinued operations in the 2019 Comparative Information.

During the year ended 31 December 2020, the Group used its best estimates and assumptions based on its observations on changing conditions and consumer behaviour in order to determine that an adjustment to the liabilities related to returnable bottles reflected in other payables was required to present the financial statements and performance more accurately, in accordance with TAS 8. Accordingly, the Group restated the 2019 Comparative Information to derecognise a part of long-term other payables and reclassify the remaining amount to short-term other payables. For the year ended 31 December 2019, the effect was to increase other income from operating activities by TRL 16.2 million and the prior years' profit by TRL 194.2 million, and to decrease deferred tax income by TRL 3.6 million, other payables by TRL 265.2 million, and deferred tax assets by TRL 58.3 million.

Certain reclassifications that did not have an effect on profit were also made to the 2019 Comparative Information:

- Other operating income and other operating expense were each reduced by TRL 206.2 million, and finance income and finance expense were each reduced by TRL 133.4 million in order to correct the classification of off-setting items.

- A tax effect of the effective part of the change in the value of bonds and loans, which hedge net investments from financial risk, amounting to TRL 38.3 million was reclassified to deferred tax (expense)/income from current tax (expense)/income.
- Long term other payables amounting to TRL 61.0 million were reclassified to long term trade payables.
- Short term other provisions amounting to TRL 4.4 million were reclassified to short term trade payables due to their nature.

The 2019 Financial Information presented in this Prospectus has not been restated to reflect the reclassification made to the 2020 Comparative Information included in the Q1 2021 Reviewed Interim Consolidated Financial Statements, described above, because the Company has concluded that the effect of applying such restatement is not material. As a result, the 2020 Comparative Information in the statement of financial position as at 31 December 2020 and the 2019 Comparative Information in the statement of financial position as at 31 December 2020 presented in this Prospectus are not directly comparable. For illustrative purposes, the effects of applying these reclassifications are presented in "*—Illustrative Adjustments to 2019 and 2018 Financial Information*" below.

Comparative Financial Information as at and for the Year Ended 31 December 2018

In the 2019 Audited Consolidated Financial Statements, the 2018 Comparative Information was restated in order to reflect the restatement of provisionally recognised goodwill and the fair value of acquired assets and liabilities upon finalisation of the fair value appraisal process for a business combination. On 31 December 2018, the merger of EBI's beer operations in Russia and those of AB InBev in Russia and in Ukraine closed. As of 31 March 2019, the Company had finalised the fair value appraisal of the merger in accordance with TFRS 3 "Business Combinations", which permits a company to finalise the fair value appraisal of identifiable assets, liabilities and contingent liabilities of acquired companies within one year of the acquisition. Accordingly, the 2018 Comparative Information was restated to adjust for the final fair values of the inventory, property, plant and equipment, intangible assets, deferred tax asset, other current provisions and deferred tax liabilities, with a corresponding adjustment to goodwill, which was originally recognised on a provisional basis. For a table showing the impact of the restatement on the 2018 Comparative Information, which is included in the 2019 Audited Consolidated Financial Statements, see Note 2 to the 2019 Audited Consolidated Financial Statements, which are included in this Prospectus.

The 2018 Financial Information as presented in this Prospectus has not been restated to reflect the restatements and reclassifications made to the 2019 Comparative Information included in the 2020 Audited Consolidated Financial Statements or to reflect the reclassifications made to the 2020 Comparative Information included in the Q1 2021 Reviewed Interim Financial Statements, because the Company has concluded that the effect of applying such restatements is not material, individually or in the aggregate. As a result, the 2018 Comparative Information is not directly comparable to the 2020 Comparative Information or the 2019 Comparative Information. For illustrative purposes, the effects of applying these restatements and reclassifications are presented in "*—Illustrative Adjustments to 2019 and 2018 Financial Information*" below.

Illustrative Adjustments to 2019 and 2018 Financial Information

As described above, the 2019 Financial Information presented in this Prospectus has not been restated to reflect adjustments applied to certain line items in the 2020 Comparative Information and the 2018 Financial Information presented in this Prospectus has not been restated to reflect adjustments applied to certain line items in the 2019 Comparative Information or the 2020 Comparative Information.

For illustrative and informational purposes only, the following tables present the impacts of applying such additional adjustments to the 2019 Comparative Information and the 2018 Comparative Information.

Illustrative Adjusted Consolidated Statement of Financial Position as at 31 December 2019

	As at 31 December 2019		
	2019 Comparative Information	**Adjustments**	**Adjusted 2019 Comparative Information**
	(restated)		
		(TRL millions)	
Trade Receivables from Third Parties	2,436.4	9.0[1]	2,445.4
Prepaid Expenses	639.9	(0.5)[1]	639.4
Current Assets	12,684.0	8.4	12,692.4
Prepaid Expenses	358.8	(8.4)[1]	350.4
Non-Current Assets	33,214.2	(8.4)	33,205.7
Trade Payables to Third Parties	4,811.8	20.3[2]	4,832.1
Other Current Liabilities[3]	339.0	(20.3)[2]	318.7

Notes:

(1) The 2019 Comparative Information have been reclassified to correct an error in the classification of a provision in trade receivables. They have been reclassified from trade receivables from third parties to current prepaid expense and non-current prepaid expense.

(2) The 2019 Comparative Information has been reclassified to correct an error in the classification of a payable in other current liabilities. The amount has been reclassified to trade payables.

(3) Other current liabilities consists of deferred income, other current liability and employee benefit obligations.

Illustrative Adjusted Consolidated Income Statement for the Year Ended 31 December 2018

	Year ended 31 December 2018		
	2018 Comparative Information	**Adjustments**	**Adjusted 2018 Comparative Information**
	(restated)		
		(TRL millions)	
Sales Volume (*mhl*)	106.5	(6.5)	100.0
Revenue	18,689.7	(224.1)[(1)]	18,465.6
Cost of Sales	(11,957.3)	199.8[(1)]	(11,757.5)
Gross Profit from Operations	6,732.3	(24.2)	6,708.1
Sales, Distribution and Marketing Expenses	(3,957.8)	18.9[(1)]	(3,938.9)
Other Income/(Expenses) from Operating Activities	146.1	11.3[(2)(3)]	157.4
Profit/(Loss) from Operating Activities	1,363.0	5.9	1,368.9
Profit/(Loss) From Continuing Operations, Before Tax	376.1	5.9	382.0
Tax (Expense)/Income, Continuing Operations	(277.2)	(1.6)[(4)]	(278.8)
Profit/(Loss) for the Period from Continuing Operations	98.9	4.3	103.2
Income/(Loss) after tax for the Period from Discontinued Operations	—	4.3[(1)]	4.3
Profit/(Loss) for the Period	98.9	8.6	107.5
Non-Controlling Interest	110.6	(3.5)[(3)]	107.1
Equity Holders of the Parent Company	(11.7)	12.2	0.5

Notes:

(1) The Doğadan business is disclosed as a discontinued operation.

(2) The Group presents its liabilities from returnable bottles in other payables. The Group uses its best estimates and assumptions based on its observations on changing conditions and consumer behaviour, in order to present its financial statement and performance regarding the liabilities related to returnable bottles reflected in other payables more accurately. Accordingly, reversal of the liabilities related to returnable bottles was recognised in other operating income.

(3) The 2018 Comparable Information has been restated to correct an error in the presentation of effects of the foreign exchange gain/(loss) related to foreign currency denominated trade payables.

(4) Tax effects of the Doğadan business, returnable bottles and foreign exchange valuation.

Illustrative Adjusted Consolidated Statement of Financial Position as at 31 December 2018

	As at 31 December 2018		
	2018 Comparative Information	**Adjustments**	**Adjusted 2018 Comparative Information**
	(restated)		
		(TRL millions)	
Deferred Tax Asset	675.4	(53.0)[1]	622.3
Total Non-Current Assets	29,080.5	(53.0)	29,027.5
Total Assets	39,435.3	(53.0)	39,382.2
Current Trade Payables to Third Parties	3,318.0	28.0[2][5]	3,326.8
Other Current Payables	1,472.4	117.8[3]	1,590.2
Other Current Liabilities[4]	235.9	(19.2)[5]	216.7
Total Current Liabilities	7,905.8	126.5	8,032.3
Other Non-Current Payables	391.4	(366.8)[3]	24.6
Total Non-Current Liabilities	10,401.4	(366.8)	10,034.7
Prior Years' Profits or Losses	3,996.3	178.6	4,174.9
Current Period Net Profit or Losses	(11.7)	12.2	0.5
Equity Attributable to Equity Holders of the Parent	11,175.1	190.7	11,365.8
Non-Controlling Interests	9,952.9	(3.5)[2]	9,949.4
Total Equity	21,128.1	187.2	21,315.3
Total Liabilities and Shareholder's Equity	39,435.3	(53.0)	39,382.2

Notes:

(1) Tax effects of returnable bottles and foreign exchange valuation.

(2) The 2018 Comparable Information has been restated to correct an error in the presentation of effects of the foreign exchange gain/(loss) related to foreign currency denominated trade payables.

(3) The Group presents its liabilities from returnable bottles in other payables within the framework of the current accounting policies. The Group uses its best estimates and assumptions based on its observations on changing conditions and consumer behaviour, in order to present its financial statements and performance regarding the liabilities related to returnable bottles reflected in other payables more accurately. Accordingly, reversal of the liabilities related to returnable bottles was recognised in other operating income.

(4) Other current liabilities consists of deferred income, other current liability and employee benefit obligations.

(5) The 2018 Comparable Information has been reclassified to correct an error in the classification of a payable in other current liabilities. The amount has been reclassified to trade payables.

Adoption of New and Revised TFRS Standards

On 1 January 2019, the Group adopted TFRS 16, Leases ("TFRS 16") using the simplified transition approach. In accordance with this transition approach, the 2018 Comparative Information was not restated to reflect the application of TFRS 16.

Non-TAS Measures

Presentation of Non-TAS Measures

To supplement the Audited Consolidated Financial Statements, the Group uses certain financial measures and ratios that are not required by, or presented in accordance with, TAS or any other generally accepted accounting principles ("Non-TAS Measures"), which would also be considered "alternative performance measures" as defined in the ESMA guidelines. These include EBIT (BNRI), EBIT (BNRI) Margin, EBITDA (BNRI), EBITDA (BNRI) Margin, Free Cash Flow, Free Cash Flow (after investing activities), Gross Financial Debt, Net Financial Debt, Net Financial Debt to EBITDA (BNRI) and EBITDA (BNRI) (LTM), as defined below and in "*Index of Terms*".

Definitions

Measure	Definition	Relevance of its Use
EBIT (BNRI)	EBIT (BNRI) is profit/(loss) for the period excluding (i) profit/(loss) from discontinued operations; (ii) investment activity income; (iii) investment activity expense; (iv) share of gain/(loss) from investments accounted for using equity method; (v) finance income; (vi) finance expense; (vii) tax (expense)/income, continuing operations; and (viii) non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the ordinary activities and include expenses related to acquisition, transaction or integration costs incurred during those processes.	The Company uses EBIT (BNRI) to measure earnings including depreciation, amortisation and other relevant non-cash items in order to assess the core operating profit and performance of the Group including the effects of depreciation and amortisation from fixed assets and non-cash items, including foreign exchange gains or losses from operational activities, provisions for employee benefits and rediscount income/expense.
EBIT (BNRI) Margin	EBIT (BNRI) Margin is EBIT (BNRI) as a percentage of revenue.	The Company uses EBIT (BNRI) Margin to measure the performance and efficiency of the Group's core operations considering the effect of depreciation and amortisation from capital expenditure.
EBITDA (BNRI)	EBITDA (BNRI) is profit/(loss) for the year (i) excluding profit/(loss) from discontinued operations: (ii) investment activity income; (iii) investment activity expense; (iv) share of gain/(loss) from investments accounted for using equity method; (v) finance income; (vi) finance expense; (vii) tax (expense)/income, continuing operations; (viii) depreciation and amortisation; (ix) provisions for employee benefits; (x) foreign exchange gains arising from operating activities; (xi) foreign exchange losses arising from operating activities; (xii) rediscount income; (xiii) rediscount expense; and (xiv) non-recurring items.	The Company uses EBITDA (BNRI) to assess the core operating profit of the Group's operations before depreciation and amortisation expenses related to capital expenditures, interest costs related to financing activities, taxes, non-recurring items and other non-cash items, including foreign exchange gains or losses from operational activities, provisions for employee benefits and rediscount income/expense.
EBITDA (BNRI) Margin	EBITDA (BNRI) Margin is EBITDA (BNRI) as a percentage of revenue.	The Company uses EBITDA (BNRI) Margin to measure the performance and efficiency of the Group's core operations considering the effect of depreciation and amortisation from capital expenditure.
Free Cash Flow	Free Cash Flow is cash flow from operating activities adjusted for (i) proceeds from sales of property, plant, equipment; (ii) cash outflows arising from purchase of property, plant, equipment and intangible assets; (iii) interest paid; (iv) interest received; and (v) payments of lease liabilities.	The Company uses Free Cash Flow to assess the cash available for the period to repay creditors (decrease Net Financial Debt) or pay dividends to the shareholders.
Free Cash Flow (after investing activities)	Free Cash Flow (after investing activities) is Free Cash Flow adjusted for (i) cash outflows arising from purchase of shares or capital increase of joint ventures; (ii) cash inflows due to commitments determined within the scope of the business combination; and (iii) capital increases made by non-controlling shareholders.	The Company uses Free Cash Flow (after investing activities) to represent the cash available to repay creditors (decrease Net Financial Debt) or pay dividends after capital increases in joint ventures and cash flow from business combinations.
Gross Financial Debt	Gross Financial Debt refers to the total of (i) current borrowings; (ii) current portion of non-current borrowings; and (iii) long term borrowings.	The Company uses Gross Financial Debt to monitor the total of bank loans, issued debts and lease payables.

Net Financial Debt	Net Financial Debt is Gross Financial Debt minus cash and cash equivalents and current financial investments.	The Company uses Net Financial Debt to understand the net position of financial debt or cash.
Net Financial Debt to EBITDA (BNRI)	Net Financial Debt to EBITDA (BNRI) is a ratio of leverage, calculated as the Group's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA (BNRI) (LTM).	The Company uses Net Financial Debt to EBITDA (BNRI) to assess the Group's ability to repay its Net Financial Debt and understand how long the Group needs to operate at its current debt and EBITDA (BNRI) levels to repay all of its Net Financial Debt.
EBITDA (BNRI) (LTM)	EBITDA (BNRI) (LTM) refers to EBITDA (BNRI) in the last twelve months calculated for interim periods by adding EBITDA (BNRI) for the most recent interim period to EBITDA (BNRI) for the most recent annual period and deducting EBTIDA (BNRI) for the prior interim period.	The Company uses EBITDA (BNRI) (LTM) as a measure in interim periods to calculate measures driven by balance sheet figures and EBITDA (BNRI) together.

The Non-TAS Measures should not be considered as an alternative to the historical financial results or other indicators of the Group's performance based on TAS measures. They should not be considered as alternatives to earnings after tax or net profit as indicators of the Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities as an indicator of the Group's liquidity. The Non-TAS Measures, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's Non-TAS Measures are calculated. Even though the Non-TAS Measures are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows as reported under TAS.

Nevertheless, management believes that these Non-TAS Measures, when considered in conjunction with measures prepared in accordance with TAS, enhance investors' and management's overall understanding of the Group's financial performance. In addition, because the Group has historically reported certain non-TAS results to investors, management believes that the inclusion of Non-TAS Measures provides consistency in the Group's financial reporting and thus improves investors' ability to assess the Group's trends and performance over multiple periods.

Reconciliation of Non-TAS Measures

EBIT (BNRI) and EBIT (BNRI) Margin

The table below sets forth the reconciliation of the Group's Non-TAS Measures EBIT (BNRI) to profit for the period in the consolidated income statements for the periods indicated and the calculation of the Group's EBIT (BNRI) margin.

	Three months ended 31 March		**Year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
		(restated)		*(restated)*	*(restated)*
			(TRL millions)		
Profit/(Loss)	416.6	(354.3)	1,452.9	1,308.6	98.9
Profit/(Loss) from Discontinued Operations	—	2.4	4.0	(3.0)	—
Investment Activity Income	(545.4)	(298.7)	(474.5)	(909.5)	(231.3)
Investment Activity Expense	10.9	13.3	158.4	222.0	178.5
Share of Loss from Investments Accounted for Using Equity Method	86.2	55.4	249.0	123.7	81.1
Finance Income	(672.6)	(442.5)	(2,258.4)	(1,096.8)	(3,093.4)
Finance Expense	624.3	607.1	2,975.7	1,949.0	4,052.0
Tax Expense/Income, Continuing Operations	186.1	10.5	610.1	652.3	277.2
Non-Recurring Items[(1)]	0.2	0.7	4.7	12.1	91.0
EBIT (BNRI)	106.2	(406.1)	2,721.9	2,258.3	1,454.0
Revenue	6,159.3	4,513.5	26,742.7	23,076.6	18,689.7
EBIT (BNRI) Margin	1.7	(9.0)	10.2	9.8	7.8

Note:

(1) Non-recurring items are items of income and expenses which do not occur regularly as part of the normal activities of the Company. In the three months ended 31 March 2021, the three months ended 31 March 2020, and the year ended 31 December 2020, non-recurring items were comprised of severance payments of TRL 0.2 million, TRL 0.7 million, and TRL 4.7 million, respectively, related to the merger of the Group's Russian and Ukrainian operations with those of AB InBev. In 2019, non-recurring items were comprised of integration costs of TRL 0.1 million, other consultancy costs of TRL 4.5 million, and severance payments of TRL 7.5 million, all related to the merger with AB InBev. In 2018, non-recurring items were comprised of integration costs of TRL 66.3 million, severance payments of TRL 19.2 million, retention bonuses of TRL 5.2 million, and other costs of TRL 0.4 million related to the merger of the Group's operations in Russia and Ukraine with those of AB InBev.

EBITDA (BNRI) and EBITDA (BNRI) Margin

The table below sets forth the reconciliation of the Group's Non-TAS Measures EBITDA (BNRI) to profit for the period in the consolidated income statements for the periods indicated and the calculation of the Group's EBITDA (BNRI) margin.

	Three months ended 31 March		**Year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
		(restated)		*(restated)*	*(restated)*
			(TRL millions)		
Profit/(Loss)	416.6	(354.3)	1,452.9	1,308.6	98.9
Profit/(Loss) from Discontinued Operations	—	2.4	4.0	(3.0)	—
Investment Activity Income	(545.4)	(298.7)	(474.5)	(909.5)	(231.3)
Investment Activity Expense	10.9	13.3	158.4	222.0	178.5
Share of Loss from Investments Accounted for Using Equity Method	86.2	55.4	249.0	123.7	81.1
Finance Income	(672.6)	(442.5)	(2,258.4)	(1,096.8)	(3,093.4)
Finance Expense	624.3	607.1	2,975.7	1,949.0	4,052.0
Tax Expense/Income, Continuing Operations	186.1	10.5	610.1	652.3	277.2
Depreciation and Amortisation	539.1	501.3	2,073.1	1,743.3	1,496.7
Provisions for Employee Benefits	34.8	28.9	67.1	72.6	54.0
Foreign Exchange Gains Arising from Operating Activities	(105.8)	(77.6)	(365.5)	(154.7)	(215.9)
Foreign Exchange Losses Arising from Operating Activities	138.7	254.7	601.9	146.1	255.4
Rediscount income	(1.0)	(1.0)	(1.6)	(8.0)	(4.0)
Rediscount expense	3.3	0.8	1.6	5.3	5.6
Non-Recurring Items[(1)]	0.2	0.7	4.7	12.1	91.0
EBITDA (BNRI)	715.2	301.1	5,098.4	4,062.9	3,045.8
Revenue	6,159.3	4,513.5	26,742.7	23,076.6	18,689.7
EBITDA (BNRI) Margin	11.6	6.7	19.1	17.6	16.3

Note:

(1) Non-recurring items are items of income and expenses which do not occur regularly as part of the normal activities of the Company. In the three months ended 31 March 2021, the three months ended 31 March 2020, and the year ended 31 December 2020, non-recurring items were comprised of severance payments of TRL 0.2 million, TRL 0.7 million, and TRL 4.7 million, respectively, related to the merger of the Group's Russian and Ukrainian operations with those of AB InBev. In 2019, non-recurring items were comprised of integration costs of TRL 0.1 million, other consultancy costs of TRL 4.5 million, and severance payments of TRL 7.5 million, all related to the merger with AB InBev. In 2018, non-recurring items were comprised of integration costs of TRL 66.3 million, severance payments of TRL 19.2 million, retention bonuses of TRL 5.2 million, and other costs of TRL 0.4 million related to the merger of the Group's operations in Russia and Ukraine with those of AB InBev.

Free Cash Flow and Free Cash Flow (after investing activities)

The table below sets forth the reconciliation of the Group's Non-TAS Measures Free Cash Flow and Free Cash Flow (after investing activities) in the consolidated statements of cash flows for the periods indicated.

	Three months ended 31 March		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(TRL millions)		
Cash Flows from Operating Activities	352.8	(563.6)	4,956.9	4,157.1	2,818.2
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	(525.8)	(348.1)	(1.745,9)	(1,823.0)	(1,610.2)
Proceeds from Sales of Property, Plant, Equipment	91.2	26.0	357.2	411.1	105.9
Interest Paid..	(199.5)	(151.4)	(634.4)	(531.1)	(552.7)
Interest Received	64.6	62.5	269.8	257.7	292.3
Payments of Lease Liabilities..........................	(34.2)	(46.8)	(191.5)	(136.3)	—
Free Cash Flow	(250.9)	(1,021.4)	3,012.2	2,335.4	1,053.7
Capital Increase in Investments Accounted for Using Equity Method......................................	—	(126.4)	(126.4)	(114.2)	(105.1)
Cash Inflow due to Business Combination	—	—	—	—	193.6
Capital Increase in Subsidiaries by Non-Controlling Shareholders	—	—	—	—	42.9
Free Cash Flow (after investing activities)...	(250.9)	(1,147.8)	2,885.8	2,221.2	1,185.1

Net Financial Debt to EBITDA (BNRI)

The table below sets forth the reconciliation of the Group's Non-TAS Measures Gross Financial Debt and Net Financial Debt and the calculation of the Group's Non-TAS Measure Net Financial Debt to EBITDA (BNRI) from the consolidated statements of financial position for the periods indicated.

	Three months ended 31 March	**Year ended 31 December**		
	2021	**2020**	**2019**	**2018**
			(restated)	*(restated)*
	(TRL millions)			
Current Borrowings	2,626.9	2,327.7	757.5	830.7
Current Portion of Non-Current Borrowings	726.3	656.8	1,539.1	1,524.4
Long Term Borrowings	10,028.5	9,180.1	8,253.5	6,873.6
Gross Financial Debt	13,381.7	12,164.6	10,550.0	9,228.7
Cash and Cash Equivalents (-)	(7,801.4)	(8,525.0)	(5,814.7)	(4,770.1)
Current Financial Investments (-)	(6.8)	(23.2)	(380.3)	(21.2)
Net Financial Debt	5,573.5	3,616.5	4,355.0	4,437.5
EBITDA (BNRI) (LTM)	5,512.4	5,098.4	4,062.9	3,045.8
Net Financial Debt to EBITDA (BNRI)	1.0	0.7	1.1	1.5

Rounding

Certain numerical figures set out in this Prospectus, including financial data presented in thousands and millions and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set out in "*Operating and Financial Review*" are calculated using the numerical data in the Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) set out in this Prospectus, as applicable, and not using the numerical data in the narrative description thereof. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row. Some percentages in tables in this Prospectus have also been rounded and accordingly the totals in these tables may not add up to 100 per cent.

Currency Presentation and Exchange Rate Information

In this Prospectus, all references to "Turkish Lira" or "TRL" are to the lawful currency of Turkey; all references to "US Dollars", "US$" or "USD" are to the lawful currency of the United States of America; all references to "Euro", "€" or "EUR" are to the single currency of the participating Member States of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; all references to "Rouble" or "RUR" are to the lawful currency of the Russian Federation; all references to "Hryvnia" or "UAH" are to the lawful currency of Ukraine; all references to "Kazakhstani Tenge" or "KZT" are to the lawful currency of the Republic of Kazakhstan; all references to "Georgian Iari" or "GEL" are to the lawful currency of Georgia; and all references to "Moldovan Leu" or "MDL" are to the lawful currency of the Republic of Moldova.

OVERVIEW OF THE ISSUER

Overview

The Group is a leading international brewer and the majority shareholder of CCİ, the Coca-Cola bottler in Turkey and nine additional countries, through which the Group conducts its soft drinks activities. Based on publicly available information, the Company estimates that the Group is Europe's fifth largest brewer and Barth Haas reports that the Group was the world's tenth largest beer-maker, each as measured by production volume (Source: Barth Report 2019/2020). CCİ is among the top 10 largest bottlers in the Coca-Cola system, as measured by sales volume, according to information provided to CCİ by TCCC. The Group operates 21 breweries, five malteries and 26 bottling plants, and its products and services are supplied to more than 700 million consumers across 16 principal markets.

It is also the largest brewer in Russia, Turkey, Ukraine, Kazakhstan, Moldova and Georgia in terms of market share by volume, according to Nielsen and Company estimates as of 2020. The Group has a portfolio of over 100 beer brands, which includes the *Efes Pilsener* international brand, as well as a number of premium and local mainstream beer brands, many of which hold leading positions in their respective market segments, as well as various licenses for international premium brands for its principal markets, including AB InBev brands. The Group operates 21 breweries, five malteries and one hops processing plant in six countries. As of 31 March 2021, the Group had an annual production capacity of approximately 54.3 million hectolitres of beer and approximately 383,000 tons of malt.

The Group also produces, sells and distributes Coca-Cola trademarked soft drinks through CCİ, its subsidiaries with TCCC, in which the Group holds a controlling 50.3 per cent. interest. These include sparkling beverages such as Coca-Cola, Sprite and Fanta, as well as still beverages such as fruit juice, bottled water, energy and sports drinks and iced tea. CCİ and its subsidiaries and joint ventures operate 26 bottling plants across 10 markets, and as of 31 March 2021 had an annual bottling capacity of approximately 1,662 million unit cases. Based on information from GlobalData, Nielsen and CCİ estimates, management believes that, as measured by sales volume, CCİ ranks first, or in certain cases second, in all of the markets in which it has production activities. In Turkey, CCİ is the leading sparkling soft drinks bottler, with a share of 66 per cent. of the Turkish sparkling soft drinks market, as measured by sales volume for 2020, according to Nielsen.

The Group has two operating segments: Beer Group and Soft Drinks. Prior to 2021, the Group had three operating segments consisting of International Beer, Domestic Beer and Soft Drinks. As of 31 March 2021, the Group presented International Beer and Domestic Beer as a single operating segment because the Beer Group meets the aggregation criteria under TFRS 8 "Operating Segments" as the contribution of Domestic Beer to the Group's performance has become relatively less significant over time following the merger of the Group's and AB InBev's Russian and Ukrainian operations in 2018. In this Prospectus, the Group has reclassified its segments for the financial years ended 31 December 2020, 2019 and 2018 to present them on the basis of two operating segments: Beer Group and Soft Drinks.

The following table sets forth the Group's key performance metrics for the periods indicated.

	Three months ended 31 March			Year ended 31 December				
	2021	2020[1]	Change	2020	2019[2]	Change 2020 v 2019	2018[3]	Change 2019 v 2018
		(restated)	*(%)*		*(restated)*	*(%)*	*(restated)*	*(%)*
Beer Sales Volume (*million hl*)[4]...	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6
Soft Drink Sales Volume (*m unit case*)[5]	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Revenue *(TRL millions)*	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5
Revenue Per HL (*TRL*)	265.3	220.0	20.6	258.5	220.3	17.3	175.5	25.6
Profit/(Loss) from Operating Activities (*TRL millions*)	106.0	(406.7)	126.1	2,717.2	2,246.2	21.0	1,363.0	64.8
Profit/(Loss) from Operating Activities Margin (*%)*...................	1.7	(9.0)	119.1	10.2	9.7	4.4	7.3	33.5
Profit/(Loss) Attributable to Owners of Parent (*TRL millions*) [6]............	295.2	(128.6)	329.5	814.8	1,034.2	(21.2)	(11.7)	8,953
Profit/(Loss) Attributable to Owners of Parent Margin (*%)*[3].................	4.8	(2.8)	268.2	3.0	4.5	(32.0)	(0.1)	7,270
EBITDA (BNRI) (*TRL millions*) [7]	715.2	301.1	137.5	5,098.4	4,062.9	25.5	3,045.8	33.4
EBITDA (BNRI) Per HL (*TRL*) [7].	30.8	14.7	109.9	49.3	38.8	27.0	28.6	35.6
EBITDA (BNRI) Margin (*%*)[7].....	11.6	6.7	74.4	19.1	17.6	8.3	16.3	8.0
Cash Flow from Operating Activities (*TRL millions*)..............	352.8	(563.6)	157.8	4,956.9	4,157.1	19.2	2,818.2	47.5
Free Cash Flow (*TRL millions*)[7] ..	(250.9)	(1,021.4)	75.4	3,012.2	2,335.4	29.0	1,053.7	121.6

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the three months ended 31 March 2021, the comparative information for the three months ended 31 March 2020 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the three months ended 31 March 2020, see Note 2. to the 2021 Interim Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(2) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information—Restatements and Reclassifications*" in this Prospectus.

(3) In order to reflect the restatement of provisionally recognised goodwill, certain of the comparative information for the year ended 31 December 2018 has been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(4) One hectolitre ("hl") equals 100 litres.

(5) One unit case equals 5.678 litres.

(6) Parent company shares.

(7) EBITDA (BNRI), EBITDA (BNRI) Margin and Free Cash Flow are Non-TAS Measures. For a definition of these measures and a reconciliation of each Non-TAS to the nearest TAS measure, see "*Presentation of Information—Non-TAS Measures*".

The following table sets forth a breakdown of the Group's revenue by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018, derived from the Consolidated Financial Statements unless otherwise indicated:

	Three months ended 31 March			**Year ended 31 December**				
	2021	**2020**(1)	**Change**	**2020**(2)	**2019**(2)(3)	**Change 2020 v 2019**	**2018**(2)(4)	**Change 2019 v 2018**
		(restated)		*(restated)*	*(restated)*		*(restated)*	
	(TRL millions)	*(TRL millions)*	*(%)*	*(TRL millions)*	*(TRL millions)*	*(%)*	*(TRL millions)*	*(%)*
Segment(4)								
Beer Group	2,412.1	1,892	27.5	12,352	11,069	11.6	8,066.7	37.2
Soft Drinks	3,747.3	2,621.6	42.9	14,391.0	12,007.8	19.8	10,623.4	13.0
Other and Eliminations	(0.1)	(0.1)	4.8	(0.3)	(0.2)	56.9	(0.4)	(41.9)
Total	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the three months ended 31 March 2021, the comparative information for the three months ended 31 March 2020 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the three months ended 31 March 2020, see Note 2. to the 2021 Interim Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(2) As of 31 March 2021, the Group presented International Beer and Domestic Beer as a single operating segment, being the Beer Group, because the Beer Group meets the aggregation criteria under TFRS 8 "Operating Segments" as the contribution of Domestic Beer to the Group's performance has become relatively less significant over time following the merger of the Group's and AB InBev's Russian and Ukrainian operations in 2018. In this Prospectus, the Group presents segmental information for the periods covered by the Consolidated Financial Statements on the basis of two segments: Beer Group and Soft Drinks. Therefore, the segmental financial information for the year ended 31 December 2020, 2019 and 2018 has been restated on the basis of two segments.

(3) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(4) In order to reflect the restatement of provisionally recognised goodwill, certain of the comparative information for the year ended 31 December 2018 has been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are incorporated herein by reference, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(5) Segment revenue information in the table excludes inter-segment revenue elimination, which is reported within other and eliminations.

The following table sets forth certain information regarding the Group's sales volume by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Three Months ended 31 March			**Year ended 31 December**				
	2021	**2020**	**Change**	**2020**	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
		(restated)	*(%)*	*(restated)*	*(restated)*	*(%)*	*(restated)*	*(%)*
Segment								
Beer Group *(mhl)*[(1)]	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6
Soft Drinks (*mn unit cases*)[(2)]	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Total (*mhl*)[(1)]	23.2	20.5	13.2	103.5	104.7	(1.2)	106.5	(1.7)

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case represents 5.678 litres.

(3) Unit cases have been converted to litres at the ratio of 5.678 litres per one unit case.

Strengths

The Group believes that it has developed certain key competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

- leading market positions in emerging markets with growth potential and attractive demographics;
- strong brand portfolio with significant development capability;
- strong track record of Free Cash Flow generation;
- leading Coca-Cola franchise in the region;
- expertise in managing organic growth and integrating acquisitions;
- strong management team with significant experience in and knowledge of the Group's markets; and
- vertically integrated operations in key markets.

Strategy

The Group aims to continue to strengthen its position as a leading international brewer and soft drinks producer capitalising on its presence in growing markets with a focus on increasing profitability. The Group has several strategies with respect to its beer and soft drinks businesses including the following:

- in the beer business, the Group's aim is to be the largest brewer from the Adriatic to China by developing and owning social life and beer culture. In support of this vision, the Beer Group has seven strategic priorities: (i) people; (ii) brands; (iii) operational excellence; (iv) financial discipline and value creation; (v) customers; (vi) stakeholders; and (vii) expansion & growth; and

- in the soft drinks business, CCİ's strategic priorities for the period from 2021 to 2023 (and the Group's priorities for CCİ) to realise its vision of being the best company in the fast moving consumer goods sector in all of the countries in which it operates are: (i) accelerating quality growth; (ii) being the best in fast-moving consumer goods execution; (iii) winning together with its people; (iv) digitalisation for industry leadership; and (v) winning together with its stakeholders.

Recent Developments

In accordance with Regulation No. 7316 published in Official Gazette 31462 on 22 April 2021, effective from 1 January 2021 the Turkish corporate tax rate for 2021 has been increased from 20 per cent. to 25 per cent. for 2021, and to 23 per cent. for 2022. As the change has been announced after the reporting periods discussed in this Prospectus, it is considered a non-adjusting event according to TAS 10 and the Group continues to use the 20 per cent. rate for its subsidiaries operating in Turkey. A related amendment will be applied as of 30 June 2021 in the condensed consolidated interim financial statements.

On 4 May 2021, the Group announced that Mr N. Orhun Köstem, Chief Financial Officer of Anadolu Efes, will leave the Company effective 30 June 2021. Mr Gökçe Yanaşmayan, currently the Managing Director of Efes Moldova, will become the Chief Financial Officer of Anadolu Efes effective 1 July 2021. For more information see "*Management and Corporate Governance*".

On 25 May 2021, the Group announced that it would distribute a cash dividend of TRL 1.9348 (net dividend of TRL 1.64458) per share amounting to a total dividend of TRL 1,145.6 million for the year ended 31 December 2020. The Company paid the dividend on 28 May 2021 as approved by the General Assembly.

OVERVIEW OF THE NOTES

The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. See, in particular, "Conditions of the Notes". Words and expressions defined in "Conditions of the Notes" shall have the same meanings in this overview.

Issue:	US$500,000,000 principal amount of 3.375 per cent. Notes due 2028.
Interest and Interest Payment Dates:	The Notes will bear interest from and including the Issue Date (i.e.: 29 June 2021) to (but excluding) the Maturity Date (i.e.: 29 June 2028) at the fixed rate of 3.375 per cent. per annum, payable semi-annually in arrear on each of 29 December and 29 June in each year (each an "Interest Payment Date"); provided that, as described in Condition 6.4, if any such date is not a Business Day (as defined in Condition 6), then such payment will be made on the next Business Day. The first payment (for the period from and including the Issue Date to but excluding 29 December 2021 and amounting to US$16.875 per US$1,000 principal amount of Notes) will be made on 29 December 2021.
Maturity Date:	29 June 2028.
Use of Proceeds:	The net proceeds of the Offering of the Notes will be applied by the Issuer to redeem the US$500,000,000 3.375 per cent. Notes due 2022 issued in October 2012 (the "2012 Notes") and for general corporate purposes.
Status:	The Notes will be direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Company and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge:	The terms of the Notes contain a negative pledge provision binding on the Company as further described in Condition 4.
Sale and leaseback transactions:	The terms of the Notes contain a limitation on the Company or certain of its subsidiaries entering into sale and leaseback transactions in respect of principal property, as further described in Condition 4.3.
Taxation; Payment of Additional Amounts:	All payments in respect of the Notes by or on behalf of the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 8.2), unless the

withholding or deduction of the Taxes is required by law. In that event, the Company will (subject to certain exceptions and exclusions) pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. Under current Turkish law, withholding tax at the rate of 0 per cent. applies on interest on the Notes with a maturity of three years and more. See "*Taxation— Certain Turkish Tax Considerations*".

See "*Conditions of the Notes—Condition 8*".

Redemption for Taxation Reasons: The Notes may be redeemed at the option of the Company in whole, but not in part, at any time (subject to certain conditions), at their principal amount (together with interest accrued to but excluding the date fixed for redemption) if:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 25 June 2021, on the next Interest Payment Date:

   (i) the Company would be required to pay additional amounts as provided or referred to in Condition 8, and

   (ii) the Company would be required to make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction beyond the prevailing applicable rates on 25 June 2021; and

(b) the requirement cannot be avoided by the Company taking reasonable measures available to it.

Optional Redemption The Notes may be redeemed at the option of the Company in whole, but not in part, at any time (subject to certain conditions) (i) during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption or (ii) prior to the day that is 90 days prior to the Maturity Date at the Make-Whole Redemption Price, as further described in Condition 7.3.

Redemption at the Option of the Holders upon a Change of Control: If a Change of Control Put Event occurs (as defined in Condition 7.4), each Noteholder will have a right, at such Noteholder's option, to require the Company to redeem in whole (but not in part) such Noteholder's Notes at 101 per cent. of their principal amount together with interest (if any) accrued to (but excluding) the date of redemption, as further described in Condition 7.4.

Events of Default:	The Notes will be subject to certain Events of Default including (among others) non-payment of principal for 3 Business Days, non-payment of interest for 20 Business Days, failure to perform or observe any of the other obligations in respect of the Notes, cross-acceleration and certain events related to disposals, bankruptcy and insolvency, all as further described in Condition 10. See "*Conditions of the Notes—Condition 10*".
Form, Transfer and Denominations:	Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Unrestricted Global Certificate in registered form, without interest coupons attached, which will be delivered to a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Restricted Global Certificate(s), in registered form, without interest coupons attached, which will be deposited with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificates. See "*Conditions of the Notes—Condition 1*". Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg, in the case of the Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes. Notes will be issued in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.
Governing Law:	The Notes, the Deed of Covenant, the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement and the Deed of Covenant will be governed by, and construed in accordance with, English law.
Concurrent tender offer:	On 21 June 2021, the Issuer announced that it had launched a tender offer (the "Tender Offer") via a Regulatory News Service ("RNS") announcement on Euronext Dublin's website for any and all of its outstanding 2012 Notes. The Tender Offer is expected to expire at 5:00 p.m. New York time on 30 June 2021 (the "Expiration Date") and is expected to settle on or around 2 July 2021, unless extended, re-opened, withdrawn, amended or terminated by the Issuer (in its sole discretion). The Tender Offer is subject to the terms and conditions set forth in the tender offer memorandum dated 21 June 2021 prepared by the Issuer. Whether the Issuer will settle the purchase of the 2012 Notes pursuant to the Tender Offer is subject (unless such

	condition is waived by the Issuer in its sole discretion), without limitation, to the successful closing (in the sole determination of the Issuer) of the offering of the Notes pursuant to this Prospectus.
Listing:	Application has been made to the Euronext Dublin for the Notes to be admitted to listing on the Official List and to trading on the Regulated Market.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any US person (as defined in Regulation S under the Securities Act) except to persons reasonably believed to be QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) is also subject to restrictions in Turkey, the European Economic Area, the United Kingdom, Hong Kong and Singapore. See "*Selling Restrictions*".
Risk Factors:	For a discussion of certain risk factors relating to the Group, Turkey and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "*Risk Factors*".
Issue Price:	99.230 per cent. of the principal amount of the Notes.
Yield:	3.500 per cent. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Regulation S Notes Security Codes:	ISIN: XS2355105292 Common Code: 235510529
Rule 144A Notes Security Codes:	ISIN: US032523AB81 CUSIP: 032523 AB8 Common Code: 235568870
Representation of Noteholders:	There will be no trustee.
Expected Ratings:	"BBB-" by Fitch and "BBB-" by SPGRE. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Fiscal Agent, Paying Agent, and Transfer Agent:	Citibank N.A., London Branch.
Registrar:	Citigroup Global Markets Europe AG.

SUMMARY FINANCIAL INFORMATION

The tables below set out the Group's summary consolidated historical financial information as at and for the years ended 31 December 2020, 2019 and 2018 extracted from the Audited Consolidated Financial Statements, which are included in this Prospectus, and the Group's summary consolidated historical interim financial information as at 31 March 2021 and for the three months ended 31 March 2021 and 2020 extracted from the Q1 2021 Reviewed Interim Financial Statements, which are included in this Prospectus. See "Presentation of Information" for more details on the historical financial information included in this Prospectus, including the basis of preparation. Investors should not rely on interim results as being indicative of results the Group may expect for the full year. The tables below also set out the Group's Non-TAS Measures, which have been calculated on the basis set out in "Presentation of Information".

This section should be read together with the information contained in "Presentation of Information", "Use of Proceeds", "Capitalisation of the Group", "Operating and Financial Review", the Q1 2021 Reviewed Interim Financial Statements and the Audited Consolidated Financial Statements and the respective notes thereto included in this Prospectus.

Summary Consolidated Income Statement

The table below sets out data from the Group's consolidated income statement for the three months ended 31 March 2021 and 2020 as prepared in accordance with TAS 34, and for the years ended 31 December 2020, 2019 and 2018 as prepared in accordance with TAS. The Group has made changes to the historical information for the three months ended 31 March 2020 since the interim financial statements for that period were published. The Group has also made changes to the historical financial information as at and for the three years ended 31 December 2019 and 2018 since the audited consolidated financial statements for those years were published. The historical financial information for the three months ended 31 March 2020, the year ended 31 December 2019 and the year ended 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the Q1 2021 Reviewed Interim Financial Statements, the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information*" for further information on these restatements and reclassifications. As a result of the restatements and reclassifications, the summary consolidated income statement for the year ended 31 December 2018 is not directly comparable to the summary consolidated income statements for the years ended 31 December 2020 and 2019, although such incomparability has been concluded to be immaterial. For information purposes, the summary consolidated income statement for the year ended 31 December 2018 has been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Comparative Financial Information as at and for the Year Ended 31 December 2018*".

	Three months ended 31 March		Year ended 31 December		
	2021	2020	2020	2019	2018
		(restated)		*(restated)*	*(restated)*
			(TRL millions)		
Revenue	6,159.3	4,513.5	26,742.7	23,076.6	18,689.7
Cost of Sales	(4,207.4)	(3,190.7)	(16,799.3)	(14,320.2)	(11,957.3)
Gross Profit/(Loss)	1,951.9	1,322.9	9,943.4	8,756.4	6,732.3
General Administrative Expenses	(527.5)	(453.0)	(2,057.2)	(1,770.7)	(1,557.7)
Sales, Distribution and Marketing Expenses	(1,307.6)	(1,111.5)	(5,210.1)	(4,908.6)	(3,957.8)
Other Income from Operating Activities	184.4	148.6	859.1	626.9	554.4
Other Expense from Operating Activities	(195.3)	(313.7)	(818.0)	(457.8)	(408.2)
Profit/(Loss) from Operating Activities	106.0	(406.7)	2,717.2	2,246.2	1,363.0
Investment Activity Income	545.4	298.7	474.5	909.5	231.3
Investment Activity Expenses	(10.9)	(13.3)	(158.4)	(222.0)	(178.5)
Share of Loss from Investments Accounted for Using Equity Method[(1)]	(86.2)	(55.4)	(249.0)	(123.7)	(81.1)
Profit/(Loss) Before Financing Income/(Expense)	554.3	(176.6)	2,784.3	2,810.1	1,334.7
Finance Income	672.6	442.5	2,258.4	1,096.8	3,093.4
Finance Expenses	(624.3)	(607.1)	(2,975.7)	(1,949.0)	(4,052.0)
Profit/(Loss) From Continuing Operations, Before Tax	602.7	(341.3)	2,066.9	1,957.9	376.1
Tax (Expense)/Income, Continuing Operations	(186.1)	(10.5)	(610.1)	(652.3)	(277.2)
Current Period Tax Income/(Expense)	(195.2)	(94.0)	(610.3)	(411.6)	(261.3)
Deferred Tax Income/(Expense)	9.1	83.5	0.2	(240.7)	(15.9)
Profit/(Loss) from Continuing Operations	416.6	(351.8)	1,456.9	1,305.6	98.9
Profit/(Loss) from Discontinued Operations	—	(2.4)	(4.0)	3.0	—
Profit/(Loss)	416.6	(354.3)	1,452.9	1,308.6	98.9
Profit/(Loss) Attributable to:					
Non-Controlling Interest	121.5	(225.7)	638.2	274.4	110.6
Owners of Parent	295.2	(128.6)	814.8	1,034.2	(11.7)

Note:

(1) In the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, share of loss from investments accounted for using equity method was referred to as income/(loss) from associates.

Summary Consolidated Statement of Financial Position

The table below sets out data from the Group's consolidated statement of financial position as at 31 March 2021 as prepared in accordance with TAS 34, and as at 31 December 2020, 2019 and 2018 as prepared in accordance with TAS. The Group has made changes to the historical financial information as at 31 December 2020, 2019 and 2018 since the Audited Consolidated Financial Statements for those years were published, and the historical financial information below as at 31 December 2020, 31 December 2019 and 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the Q1 2021 Reviewed Interim Financial Statements, the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information*" for further information on these restatements and reclassifications. As a result, the summary consolidated statement of financial position as at 31 December 2020 is not directly comparable to the summary consolidated statement of financial position as at 31 December 2019, and the summary consolidated statement of financial position data as at 31 December 2019 is not directly comparable to the summary consolidated statement of financial position as at 31 December 2018, although such incomparability has been concluded to be immaterial. For information purposes, the 2019 and 2018 summary consolidated statements of financial position as at 31 December 2019 and 2018 have been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Illustrative Adjustments to 2019 and 2018 Financial Information—Illustrative Adjusted Consolidated Income Statement for the Year Ended 31 December 2019*" and "*Presentation of Information—Presentation of Financial Information—Illustrative Adjustments to 2019 and 2018 Financial Information—Illustrative Adjusted Consolidated Statement of Financial Position for the Year Ended 31 December 2018*", respectively.

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
		(restated)	*(restated)*	*(restated)*
		(TRL millions)		
Assets				
Current Assets				
Cash and Cash Equivalents	7,801.4	8,525.0	5,814.7	4,770.1
Financial Investments	6.8	23.2	380.3	21.2
Derivative Financial Assets	166.3	135.1	3.5	—
Trade Receivables from Third Parties	3,318.4	2,422.2	2,436.4	2,183.8
Trade Receivables from Related Parties	389.2	322.8	290.8	230.0
Other Receivables	211.7	162.5	165.7	102.0
Inventories	3,235.8	2,708.7	2,257.5	1,943.1
Other Current Assets(1)	1,468.1	1,407.9	1,335.1	1,104.5
Total Current Assets	16,597.7	15,707.5	12,683.9	10,354.7
Non-Current Assets Classified as Held for Sale	2.3	15.1	—	—
Non-Current Assets				
Trade Receivables	2.0	1.8	1.6	1.4
Financial Investments	0.8	0.8	0.8	0.8
Investments in Subsidiaries, Joint Ventures and Associates	—	—	62.0	71.2
Property, Plant and Equipment	13,955.3	12,592.1	12,006.5	10,753.4
Right of Use Assets	314.2	327.3	396.1	—
Investment Property	—	—	145.2	113.4
Other Intangible Assets	18,648.7	17,167.7	16,302.8	14,343.5
Goodwill	3,678.1	3,299.3	3,221.4	2,613.0
Deferred Tax Asset	1,146.7	942.3	636.1	675.4
Derivative Financial Assets	10.9	8.3	—	47.0
Other Non-Current Assets(2)	528.2	499.3	441.6	461.4
Total Non-Current Assets	38,284.9	34,838.8	33,214.2	29,080.5
Total Assets	54,884.9	50,561.4	45,898.1	39,435.3

Liabilities				
Current Liabilities				
Current Borrowings	2,626.9	2,327.7	757.5	830.7
Current portion of Non-Current Borrowings	726.3	656.8	1,539.1	1,524.4
Derivative Financial Liabilities	26.1	78.3	13.4	29.8
Current Trade Payables to Third Parties	6,356.6	5,627.3	4,811.8	3,318.0
Current Trade Payables to Related Parties	748.2	569.0	486.3	282.6
Other Current Payables	2,024.9	2,305.5	1,550.0	1,472.4
Current Tax Liabilities	96.1	128.0	29.7	17.1
Current Provisions	214.6	174.5	169.7	194.8
Other Current Liabilities(3)	679.3	675.0	339.0	235.9
Total Current Liabilities	13,498.9	12,542.1	9,696.5	7,905.8
Non-Current Liabilities				
Long-term Borrowings	10,028.5	9,180.1	8,253.5	6,873.6
Trade Payables	58.6	49.5	71.9	44.2
Other Payables	4.3	4.4	20.3	391.4
Deferred Tax Liabilities	3,472.5	3,257.5	3,073.3	2,741.6
Other Non-Current Liabilities(4)	698.0	513.0	402.3	350.7
Total Non-Current Liabilities	14,261.8	13,004.5	11,821.3	10,401.3
Equity				
Issued Capital	592.1	592.1	592.1	592.1
Inflation Adjustment on Capital	63.6	63.6	63.6	63.6
Share Premium (Discount)	1,364.7	1,364.7	2,434.4	2,765.2
Put Option Reserve Related with Non-Controlling Interests(5)	6.8	6.8	6.8	6.8
Other Accumulated Comprehensive Income(loss) that will not be Reclassified in Profit or Loss	(32.2)	(32.2)	(28.0)	(23.5)
Revaluation and Remeasurement Gain/(Loss)	(32.2)	(32.2)	(28.0)	(23.5)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	4,981.9	4,410.0	4,522.5	3,443.3
Currency Translation Differences	7,562.8	6,481.0	5,712.4	4,118.2
Gains/(Losses) on Hedge	(2,580.9)	(2,071.0)	(1,190.0)	(674.9)
Restricted Reserves Appropriated from Profits	372.9	372.9	372.9	342.9
Prior Years' Profits or Losses	6,027.8	5,213.1	4,178.8	3,996.3
Current Period Net Profit or Losses	295.2	814.8	1,034.2	(11.7)
Equity Attributable to Equity Holders of the Parent	13,672.9	12,805.7	13,177.3	11,175.1
Non-Controlling Interests	13,451.3	12,209.0	11,203.0	9,953.0
Total Equity	27,124.1	25,014.7	24,380.3	21,128.1
Total Liabilities and Shareholder's Equity	54,884.9	50,561.4	45,898.1	39,435.3

Notes:

(1) Other Current Assets consist of other current assets, current tax assets and prepaid expenses.

(2) Other Non-Current Assets consist of other-non-current assets, prepaid expenses and other-non-current receivables

(3) Other Current Liabilities consist of other current liabilities, deferred income and employee benefits obligations.

(4) Other Non-Current Liabilities consist of other non-current liabilities, deferred income, employee benefits obligations, non-current provision, derivative financial liabilities and liabilities due to investments accounted for using equity method.

(5) In the Audited Consolidated Financial Statements, put option reserve related with non-controlling interest is referred to as put option revaluation fund related with non-controlling interests.

Summary Consolidated Statement of Cash Flows

	Three months ended 31 March		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(TRL millions)		
Cash flow from/(used in) operating activities..	352.8	(563.6)	4,956.9	4,157.1	2,818.2
Cash flows used in investing activities	(434.6)	(448.6)	(1,515.0)	(1,526.2)	(1,372.8)
Cash flows from/(used in) financing activities	(856.1)	98.7	(1,113.8)	(1,489.2)	(4,116.0)
Effect of currency translation differences on cash and cash equivalents	225.1	186.8	383.9	(102.0)	2,027.7
Net (decrease)/increase in cash and cash equivalents..	(712.7)	(726.6)	2,712.0	1,039.8	(642.8)
Cash and cash equivalents at the beginning of the period..	8,508.1	5,796.1	5,796.1	4,756.4	5,399.2
Cash and cash equivalents at the end of the period..	7,795.4	5,069.5	8,508.1	5,796.1	4,756.4

Other Financial Data

The following table sets out certain Non-TAS Measures as at and for the periods indicated. For definitions and reconciliations of the Group's Non-TAS Measures, see "*Presentation of Information—Non-TAS Measures*".

	Three Months ended 31 March		Year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
		(restated)		*(restated)*	*(restated)*
EBIT (BNRI) (*TRL millions*)	106.2	(406.1)	2,721.9	2,258.3	1,454.0
EBIT (BNRI) Margin (*%*)................................	1.7	(9.0)	10.2	9.8	7.8
EBITDA (BNRI) (*TRL millions*)	715.2	301.1	5,098.4	4,062.9	3,045.8
EBITDA (BNRI) Margin (*%*)	11.6	6.7	19.1	17.6	16.3
Free Cash Flow (*TRL millions*)........................	(250.9)	(1,021.4)	3,012.2	2,335.4	1,053.7
Free Cash Flow (after investing activities) (*TRL millions*)	(250.9)	(1,147.8)	2,885.8	2,221.2	1,185.1
Net Financial Debt to EBITDA (BNRI)	1.0x	1.4x	0.7x	1.1x	1.5x

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that may be considered to be "forward-looking statements" (as that term is defined in the US Private Securities Litigation Reform Act of 1995) relating to the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's businesses). When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "may", "will", "should" and any similar expression generally identify forward-looking statements. Forward-looking statements appear in a number of places throughout this Prospectus, including (without limitation) under "*Risk Factors*", "*Use of Proceeds*", "*Operating and Financial Review*" and "*The Group and Its Business*" and include, but are not limited to, statements regarding:

- strategy and objectives;
- trends affecting the Group's results of operations and financial condition;
- future developments in the markets in which the Group operates;
- anticipated regulatory changes in the markets in which the Group operates; and
- the Group's potential exposure to market risk and other risk factors.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements.

The Company has identified some of the risks inherent in these forward-looking statements under "*Risk Factors*". Important factors that could cause actual results to differ materially from those in these forward-looking statements include, among others:

- the impact of the COVID-19 pandemic and the government restrictions and lockdowns imposed in response to the pandemic;
- economic and political developments in the markets in which the Group operates, particularly Russia and Turkey;
- seasonal consumption cycles and weather conditions;
- availability and price of raw materials and packaging;
- changes in taxation for the Group's products and in the beer and beverage industry generally;
- changes or further restrictions on beer advertising, sales or consumption;
- increased competition;
- currency exchange rate exposure;
- relations with TCCC;
- operational or other risks that could cause substantial losses, including earthquakes in Turkey; and
- the Group's ability to identify and successfully complete acquisitions and subsequently integrate such acquisitions.

Should one or more of these factors or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. There may be other risks, including some risks of which the Company is unaware, that could adversely affect the Group's results or the accuracy of forward-looking statements in this Prospectus. Therefore, potential investors should not consider the factors discussed here or under "*Risk Factors*" to be a complete set of all potential risks or uncertainties of investing in the Notes.

Potential investors should not place undue reliance upon any forward-looking statements. The Company does not have any intention or obligation to update forward-looking statements to reflect new information or future events or risks that may cause the forward-looking events discussed in this Prospectus not to occur or to occur in a manner different from what the Company currently expects.

USE OF PROCEEDS

The Company expects to receive net proceeds of US$495.15 million from the issuance of the Notes. The Company will use the net proceeds from the issuance of the Notes to redeem the 2012 Notes and for general corporate purposes.

EXCHANGE RATES

The table below sets forth, for the periods indicated, the period-end, average and high and low rates determined by the Central Bank of Turkey, in each case for the purchase of Turkish Lira, all expressed in Turkish Lira per US Dollar. The TRL/US Dollar exchange rate determined by the Central Bank on 15 June 2021 was TRL 8.55 to US$1.00. The rates may differ from the actual rates used in the preparation of the Company's Audited Consolidated Financial Statements and other financial information appearing in this Prospectus. The Issuer does not represent that the US Dollar amounts referred to below could be or could have been converted into Turkish Lira at any particular rate indicated or any other rate at all.

	TRL per US$1.00			
Period	**High**	**Low**	**Average[(1)]**	**Period end[(2)]**
June 2021 (through 15 June 2021)	8.6820	8.3374	8.5362	8.5474
May 2021	8.5496	8.2311	8.3459	8.4990
April 2021	8.3295	8.0362	8.1478	8.2311
January to March 2021	8.3260	6.9150	7.3820	8.3258
2020	8.4613	5.8529	7.0034	7.3405
2019	6.2026	5.1945	5.6712	5.9402
2018	6.8798	3.7371	4.8302	5.2609
2017	3.9594	3.3965	3.6445	3.7719
2016	3.5344	2.7928	3.0181	3.5192

Notes:

(1) For each of 2016 to 2020, this represents the yearly averages of the monthly averages of the TRL/US Dollar exchange rates determined by the Central Bank for the relevant period, which monthly averages were computed by calculating the average of the daily TRL/US Dollar exchange rates on the business days of each month during the relevant period. For the months of 2021, this represents the monthly averages of the TRL/US Dollar exchange rates determined by the Central Bank for such month, which averages were computed in the same manner described above.

(2) Represents the TRL/US Dollar exchange rates for the purchase of US Dollars determined by the Central Bank on the last working day of the relevant period.

Fluctuations in the exchange rates between the Turkish Lira and US Dollar in the past are not necessarily indicative of fluctuations that may occur in the future. No representation is made that Turkish Lira amounts referred to in this Prospectus could have been or could be converted into US Dollars at the above exchange rates or at any other rate.

CAPITALISATION OF THE GROUP

The following table set forth the capitalisation of the Group as at 31 March 2021. The historical financial information as at 31 March 2021 has been extracted from the Q1 2021 Reviewed Interim Financial Statements, which are included in this Prospectus. Prospective investors should read the following table in conjunction with "*Summary Financial Information*", "*Operating and Financial Review*", the 2021 Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements, together with the respective notes thereto, included in this Prospectus.

	As at 31[1] March 2021
	(TRL millions)
Cash and Cash Equivalents	(7,801.4)
Current Borrowings	2,626.9
Current Portion of Non-Current Borrowings	726.3
Long-Term Borrowings	10,028.5
Total Gross Financial Debt	13,381.7
Issued Capital	592.1
Inflation Adjustment to Share Capital	63.6
Share Premium (Discount)	1,364.7
Put Option Reserve Related with Non-Controlling Interests	6.8
Other Accumulated Comprehensive Income/(Expense) not to be Reclassified in Profit or Loss	(32.2)
Other Accumulated Comprehensive Income/(Expense) to be Reclassified in Profit or Loss	4,981.9
Restricted Reserves	372.9
Equity Attributable to Owners of the Parent Company	13,672.9
Total Capitalisation[2]	27,054.5

Notes:

(1) Reflects the Group's actual debt as at 31 March 2021.

(2) Total capitalisation represents the aggregate of total Gross Financial Debt and equity attributable to owners of the parent company.

The Group expects to receive net proceeds from the offering of the Notes of US$495.15 million.

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the results of operations and financial condition of the Group for the three months ended 31 March 2021 and 2020 and for the years ended 31 December 2020, 2019 and 2018. The following discussion and analysis should be read in conjunction with the 2021 Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements included in this Prospectus, including the notes thereto, the information relating to the Group's business set out in "The Group and Its Business" and "Risk Factors" and other information about the Group included elsewhere in this Prospectus. This discussion and analysis contains forward-looking statements about the Group's future sales revenues, operating results and expectations that have not been audited and involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, the risks discussed in "Risk Factors" and in "Forward-Looking Statements".

The following discussion of the Group's results of operations also makes reference to certain Non-TAS Measures. Prospective investors should bear in mind that these Non-TAS Measures are not financial measures defined in accordance with TAS, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under TAS. See "Presentation of Information" and "Summary Financial Information" for more detail.

Overview

The Group is a leading international brewer and the majority shareholder of CCI, the Coca-Cola bottler in Turkey and nine additional countries through which the Group conducts its soft drinks activities. The Group operates 21 breweries, five malteries and 26 bottling plants, and its products and services are supplied to more than 700 million consumers across 16 principal markets.

The Group has a portfolio of over 100 beer brands, which includes the *Efes Pilsener* international brand, as well as a number of premium and local mainstream beer brands, many of which hold leading positions in their respective market segments, as well as various licenses for international premium brands for its principal markets, including AB InBev brands. As of 31 March 2021, the Group had an annual production capacity of approximately 54.3 million hectolitres of beer and approximately 383,000 tons of malt.

The Group also produces, sells and distributes Coca-Cola trademarked soft drinks through CCI, in which the Group holds a controlling 50.3 per cent. interest. These include sparkling beverages such as Coca-Cola, Sprite and Fanta, as well as still beverages such as fruit juice, bottled water, energy and sports drinks and iced tea. CCI and its subsidiaries and joint ventures operate 26 bottling plants across ten markets. As of 31 March 2021, CCI had an annual bottling capacity of approximately 1,662 million unit cases.

The following table sets forth the Group's key performance metrics for the periods indicated.

	Three months ended 31 March			For the Year ended 31 December				
	2021	**2020** (1)	**Change**	**2020**	**2019** (2)	**Change 2020 v 2019**	**2018** (3)	**Change 2019 v 2018**
		(restated)	*(%)*		*(restated)*	*(%)*	*(restated)*	*(%)*
Beer Sales Volume (*million hl*)(4)...	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6
Soft Drink Sales Volume (*m unit case*)(5)	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Revenue *(TRL millions)*	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5
Revenue Per HL *(TRL)*.................	265.3	220.0	20.6	258.5	220.3	17.3	175.5	25.6
Profit/(Loss) from Operating Activities (*TRL millions*)	106	(406.7)	126.1	2,717.2	2,246.2	21.0	1,363.0	64.8
Profit/(Loss) from Operating Activities Margin (*%)*...................	1.7	(9.0)	119.1	10.2	9.7	4.4	7.3	33.5
Profit/(Loss) Attributable to Owners of Parent (*TRL millions*) (6)............	295.2	(128.6)	329.5	814.8	1,034.2	(21.2)	(11.7)	8,953
Profit/(Loss) Attributable to Owners of Parent Margin (*%*)(6).................	4.8	(2.8)	268.2	3.0	4.5	(32.0)	(0.1)	7,270
EBITDA (BNRI) (*TRL millions*) (7)	715.2	301.1	137.5	5,098.2	4,062.9	25.5	3,045.8	33.4
EBITDA (BNRI) Per HL *(TRL)* (7).	30.8	14.7	109.9	49.3	38.8	27.0	28.6	35.6
EBITDA (BNRI) Margin (*%*)(7).....	11.6	6.7	74.4	19.1	17.6	8.5	16.3	11.0
Cash Flow from Operating Activities (*TRL millions*)..............	352.8	(563.6)	157.8	4,956.9	4,157.1	19.2	2,818.2	47.5
Free Cash Flow (*TRL millions*)(7)...	(250.9)	(1,021.4)	75.4	3,012.2	2,335.4	29.0	1,053.7	121.6

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the three months ended 31 March 2021, the comparative information for the three months ended 31 March 2020 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the three months ended 31 March 2020, see Note 2. to the 2021 Interim Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(2) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(3) In order to reflect the restatement of provisionally recognised goodwill, certain of the comparative information for the year ended 31 December 2018 have been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentations of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(4) One hectolitre equals 100 litres.

(5) One unit case equals 5.678 litres.

(6) Parent company shares.

(7) EBITDA (BNRI), EBITDA (BNRI) Margin and Free Cash Flow are Non-TAS Measures. For the definition of these measures and a reconciliation of each Non-TAS Measure to the nearest TAS measure, see "*Presentation of Information—Non-TAS Measures*".

Group Consolidation and Other Financial Statement Matters

The Group consists of the Company and its subsidiaries and joint ventures. See Note 1 of the 2020 Annual Financial Statements for a list of subsidiaries that are consolidated with the results of the Company and of joint ventures that are equity accounted with the results of the Company in accordance with the Company's interest in the joint ventures. In particular, the results of Anadolu Etap are accounted for using the equity method because the current governance structure and agreements among the shareholders of Anadolu Etap do not allow any shareholder to fully control and consolidate the business.

As the Company is listed on the Borsa İstanbul, the Consolidated Financial Statements are required to be prepared in conformity with TAS. The Q1 2021 Reviewed Interim Financial Statements were prepared in accordance with TAS. See "*Appendix A—Summary of Certain Differences between IFRS and TAS*" for a discussion of the differences between IFRS as promulgated by the IASB and TAS.

For information on certain restatements and reclassifications made to the financial information for the periods under review, see "*Presentation of Information—Presentation of Financial Information*".

Recent Developments

In accordance with Regulation No. 7316 published in Official Gazette 31462 on 22 April 2021, effective from 1 January 2021 the Turkish corporate tax rate for 2021 has been increased from 20 per cent. to 25 per cent. for 2021, and to 23 per cent. for 2022. As the change has been announced after the reporting period, it is considered a non-adjusting event according to TAS 10 and the Group continues to use the 20 per cent. rate for its subsidiaries operating in Turkey. A related amendment will be applied as of 30 June 2021 in the consolidated financial statements.

On 4 May 2021, the Group announced that Mr N. Orhun Köstem, Chief Financial Officer of Anadolu Efes, will leave the Company effective 30 June 2021. Mr Gökçe Yanaşmayan, currently the Managing Director of Efes Moldova, will become the Chief Financial Officer of Anadolu Efes effective 1 July 2021. For more information see "*Management and Corporate Governance*".

On 25 May 2021, the Group announced that it would distribute a cash dividend of TRL 1.9348 (net dividend of TRL 1.64458) per share amounting to a total dividend of TRL 1,145.6 million for the year ended 31 December 2020. The Company paid the dividend on 28 May 2021 as approved by the General Assembly. The total amount of the dividend was TRL 1,145.6 million.

Factors Affecting Comparability of the Group's Results

Restatements and Reclassifications

The comparability of the financial information for the periods presented in this Prospectus has been impacted by certain restatements and reclassifications and the adoption of new and revised TFRS standards. See "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information*".

AB InBev Russia and Ukraine Merger

On 29 March 2018, EBI's beer operations in Russia merged with AB InBev's beer operations in Russia and Ukraine under AB InBev Efes with the Company and AB InBev each owning 50 per cent. The Group fully consolidated the results of AB InBev Efes BV from 1 April 2018. As a result, the Group's consolidated financial statements for the year ended 31 December 2018 do not include the results of AB InBev Efes BV for the full financial year and accordingly they are not directly comparable to the consolidated financial statements for the years ended 31 December 2020 and 2019. See Note 3 of the 2019 Consolidated Financial Statements for additional information regarding the merger.

Factors Affecting the Group's Financial and Operating Performance

The Group's performance and results of operations have been and continue to be affected by a number of factors, including restrictions and lockdowns imposed in response to the COVID-19 pandemic, macroeconomic conditions, changes in purchasing power and disposable income of consumers, sales volume, prices for the Group's products, seasonal consumption cycles, weather conditions, changes in availability and prices of raw materials and packaging, prices of water and energy, adverse changes in taxation, restrictions on advertising of beer products, foreign currency fluctuations and changes in taxes.

COVID-19 Pandemic

The Group's results have been and continue to be negatively impacted by the COVID-19 pandemic and the actions taken in response to it, which have impacted the composition of the Group's sales volumes and negatively impacted Soft Drinks sales. Within the countries in which the Group operates, the spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labour shortages, supply chain interruptions and overall economic and financial market instability. The public health crisis caused by the COVID-19 pandemic, as well as measures taken in response to contain or mitigate the pandemic, have had, and the Company expects will continue to have, certain negative impacts on its business. Sales of the Group's products in the on-trade sales channels have been significantly impacted by the implementation of social distancing and lockdown measures in most of its markets, including the closure of bars, clubs and restaurants and restrictions on sporting events, music festivals and similar events. Any future outbreak or recurrence of COVID-19 cases in those of the Group's markets that are currently in the process of easing social distancing and lock down measures may similarly result in the re-implementation of such measures and a further negative impact on the Group's sales. Furthermore, if the COVID-19 pandemic intensifies and expands geographically or in duration, the negative impact on the Group's sales could be more prolonged and may become more severe.

In addition, while the Group has not experienced challenges to its ability to operate its production facilities as at the date of this Prospectus, in the future it may experience further disruption to its ability to operate its production facilities or distribution operations as a result of regulatory restrictions, safety protocols, social distancing requirements and heightened sanitation measures.

See "*—Macroeconomic Conditions*" below for the macroeconomic impacts of the COVID-19 pandemic.

Macroeconomic Conditions

The Group's results have been in the past, and future results are likely to be, affected by the economic conditions, including slowing or negative GDP growth, inflation and declining GDP *per capita* and disposable income, in one or more of the key markets in which the Group operates.

Beer and soft drinks consumption in many of the countries in which the Group operates is closely linked to general economic conditions in these countries. For both the Beer Group and Soft Drinks segments, slowing or negative GDP growth can affect demand, and can adversely impact sales volumes and prices that can be achieved for beer and soft drinks in the relevant markets. In general, beer and soft drinks consumption levels tend to rise or fall in accordance with moves in *per capita* income, *per capita* disposable income and the perception of economic conditions and prospects. Disposable income levels in many of the countries in which the Group operates are lower than average disposable income levels in more developed economies. Any decrease in disposable income resulting from deteriorating economic conditions, increases in cost of living or taxes, or due to other factors, could adversely affect demand for both beer and soft drinks, leading to lower consumption levels for both, or in some cases, consumption of lower value beer brands.

The following table presents certain data regarding Russia:

	2015	2016	2017	2018	2019	2020	Q1 2021
GDP growth (real)[1]	(2.0)%	0.2%	1.8%	2.8%	2%	(2.9)%	(1.3)%[2][4]
Producer price index[3] ..	12.1%	7.5%	8.4%	(11.7)%	(4.3)%	3.6%	10.8%[4]
Consumer price index[3]	12.9%	5.4%	2.5%	4.3%	3.0%	4.9%	2.1%[4]

Notes:

(1) As published by Bloomberg.

(2) Ministry of Economy's latest estimate.

(3) Rosstat (Federal Statistics Agency).

(4) Year on year increase from Q1 2020 to Q1 2021.

The following table presents certain data regarding Turkey:

	2015	2016	2017	2018	2019	2020	Q1 2021
GDP growth (real)[1]	6.1%	3.3%	7.5%	3.0%	0.9%	1.8%	7.0%[2]
Producer price index[1] ..	5.7%	9.9%	15.5%	33.6%	7.4%	25.2%	31.2%[2]
Consumer price index[1]	8.8%	8.5%	11.9%	20.3%	11.8%	14.6%	16.2%[2]

Notes:

(1) As published by TurkStat.

(2) Year-on-year increase from Q1 2020 end to Q1 2021 end.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for beer and soft drinks products. In particular, adverse economic conditions have had and may impact in the future on general levels of consumption, leading to production overcapacity in the beer and soft drinks industries, which may adversely affect product prices, while reduced investment in production capacity may, at other times lead to under capacity in the industry in general, or for certain producers, who can then be at a disadvantage as compared to their competitors.

Moreover, deteriorating economic and political conditions in many of the Group's major markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, could cause a further decrease in demand for the Group's products. Even as governmental restrictions are lifted and economies gradually reopen in many of the Group's major markets, the ongoing economic impacts and health concerns associated with the COVID-19 pandemic may continue to affect consumer behaviour, spending levels and consumption preferences.

Sales Volumes

The Group's results of operations are affected by its sales volume in each given period.

The following table sets forth certain information regarding the Group's sales volume by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Three months ended 31 March			Year ended 31 December				
	2021	2020	Change	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
		(restated)	*(%)*	*(restated)*	*(restated)*	*(%)*	*(restated)*	*(%)*
Segment								
Beer Group (*mhl*)[1].......	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6
Soft Drinks (*mn unit cases*)[2].........................	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Total (*mhl*)[1]................	23.2	20.5	13.2	103.5	104.7	(1.2)	106.5	(1.7)

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

The Beer Group's largest market by volume is Russia, followed by Ukraine, Turkey and Kazakhstan, each of which accounted for 66 per cent., 13 per cent., 10 per cent., and 7 per cent. of volumes, respectively, for the three months ended March 2021, and 62 per cent. 15 per cent., 13 per cent. and 6 per cent. of volumes, respectively, for the year ended 31 December 2020 (2019: 59 per cent., 15 per cent., 15 per cent. and 6 per cent.; 2018: 57 per cent., 18 per cent., 13 per cent. and 7 per cent.). Sales volumes of beer in the Beer Group's international beer operations increased by 4.3 per cent. in the three months ended 31 March 2021 as compared to the same period in 2020 as a result of strong performance in Russia and CIS countries. Sales in Russia accounted for approximately 73 per cent. of the sales volume of the Beer Group's international beer operations for the three months ended 31 March 2021 as volumes in Russia increased by high-single digits impacted by favourable market conditions. Sales volumes in CIS countries were assisted by double digit growth in Kazakhstan and Moldova. Strong performance in both countries was attributable to growth in the mainstream and premium segments resulting from successful market execution as well as robust performance of newly-launched brands. Ukraine was the only operation in international operations with declining volumes as a result of extended COVID-19 related restrictions by the government and a price increase implemented during the quarter. Sales volumes of beer in the Beer Group's international beer operations increased by 2.6 per cent. in 2020, mainly due to sales volume growth in Russia despite the negative effects of the COVID-19 pandemic. In Russia, the Group was able to generate mid-single digit sales volume growth with higher volume and value share than in 2019. Meanwhile, sales volume growth in Ukraine was supported by the development of global brands in the market. In CIS countries, volumes decreased by low to mid-single digits as all markets were affected by the increased number of COVID-19 cases and strict restrictive government measures put in place in response to the COVID-19 pandemic. Sales volumes increased by 8.1 per cent. in 2019, as compared to 2018, mainly due to high-single digit growth in Russia leading to market share gains as a result of the successful integration of AB InBev's Russian operations and the Group's focus on revenue growth, low-double digit growth in the Ukraine following successful brand launches and positive growth in Georgia. The Group delivered almost flat sales volumes in Kazakhstan despite macroeconomic challenges and increased competition in the market. These were driven by visibility in all sales channels, new product launches and special packages with quality focus. In 2019, the remaining international beer operations were estimated to have grown by low-single digits driven by high brand focus, new product launches in core brands and higher penetration.

Sales volumes of beer in the Beer Group's Turkey operations decreased by 5 per cent. in the three months ended 31 March 2021, as compared to the same period in 2020, impacted by the strict measures taken by the government related to the COVID-19 pandemic especially in January and February, which were partially offset by the reopening of on-trade during March. Sales volumes of beer in Turkey decreased by 13.6 per cent. in the year ended 31 December 2020, as compared to the year ended 31 December 2019, as a result of sales limitations as well as lockdowns imposed by the government in response to the COVID-19 pandemic. Sales volumes of beer in Turkey decreased by 5.2 per cent. in 2019, as compared to 2018, as a result of weak demand driven by macroeconomic dynamics and low consumer confidence. This mirrored a mid-single digit decline in the overall Turkish beer market in 2019, higher than the contraction in the overall fast-moving consumer goods market due to low affordability.

The Soft Drinks segment's largest market by volume is Turkey, followed by Pakistan, Kazakhstan and Iraq, each of which accounted for 43 per cent., 29 per cent., 14 per cent., and 8 per cent. of volumes, respectively, for the three months ended March 2021, and 43 per cent. 27 per cent., 12 per cent. and 9 per cent. of volumes, respectively, for the year ended 31 December 2020 (2019: 46 per cent., 26 per cent., 12 per cent. and 9 per cent.; 2018: 49 per cent., 25 per cent., 10 per cent. and 8 per cent.). Sales volumes in the Soft Drinks segment increased by 17.7 per cent. in the three months ended 31 March 2021, as compared to the same period in 2020, as a result of volume expansion in both Turkey and abroad, where the international growth primarily came from Pakistan and Jordan. Sales volumes in the Soft Drinks segment decreased by 1.9 per cent. in 2020, as compared to 2019, as a result of the negative effects of the COVID-19 pandemic, in particular due to exposure to the on-trade sales channel. Sales volumes in Turkey decreased by 7.5 per cent. in 2020, compared to 2019; however, international sales volumes grew by 2.8 per cent. driven by the lower exposure to the on-premise channel and a higher share of the strong sparkling category. In 2019, sales volumes in the Soft Drinks segment were relatively flat as compared to 2018.

Prices for the Group's Products

The Group generally sets prices for its products by reference to a number of factors, including customer demand, consumer trends and preferences, macroeconomic conditions, inflation, competition and pricing pressures, and taxation of alcoholic and other products, while also taking into account cost of sales, including cost of raw materials, utilities, transportation and other factors.

The Group generally measures its average per unit sale prices (per litre of beer and per unit case of soft drinks) by dividing sales revenue (which excludes excise tax and certain deductions) by sales volumes (millions of hectolitres of beer or unit cases of soft drinks sold, respectively). As a result, average per unit prices set out below are presented net of the impact of taxes (including excise tax on alcoholic products). In addition, unit prices set out below are presented in Turkish Lira, which means that due to the effects of currency translation, they may not always show the actual moves of prices of the Group's products in their respective local currencies (for example, results of operations in Russia are translated from Rouble to US Dollar and then from US Dollar to Turkish Lira); as a result, in certain cases, moves in Turkish Lira-denominated per unit prices set out below may show price trends that may not accurately reflect or are reverse to the trends of actual products prices in their local currency.

The following table sets forth certain information regarding the Group's average net sales price per hectolitre of beer and per unit case of soft drinks for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Three months ended 31 March			**Year ended 31 December**				
	2021	**2020**	**Change**	**2020**	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
		(restated)		*(restated)*	*(restated)*		*(restated)*	
	(TRL)		*(%)*	*(TRL)*		*(%)*	*(TRL)*	*(%)*
Segment								
Beer Group (*TRL per hl*)[1]	331.8	271.4	22.3	340.9	306.0	11.4	253.3	20.8
Soft Drinks (*TRL per unit case*)[2]	13.3	11.0	21.4	12.2	9.9	22.2	8.1	23.1
Group (*TRL per hl*)[1]	265.3	220.0	20.6	258.5	220.3	17.3	175.5	25.6

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

The Group prices its products in such a way as to reflect changes in raw materials and packaging prices, excise taxes (for beer) and inflation. Product mix also affects the Group's average sales prices. Beer brands are classified into different market segments (such as super premium, premium, low premium, upper mainstream, mainstream/core and economy/value), although this classification varies by market. Such segmentation is largely decided by companies such as Nielsen that evaluate the relevant markets. For example, in certain markets, such as Ukraine, the *Efes* brand is a super premium brand while in other markets, such as Turkey, it is a mainstream brand. In most cases the economy and certain mainstream brands comprise mainly local brands, particularly in Russia and the CIS countries.

The Group's general strategy is to pass through any increases in excise tax to consumers, and if possible, increase prices slightly in excess of such tax increases, although such increases may be passed through in stages which may lead to pressure on the Group's margins until such price increases can be absorbed by the market.

In the Beer Group, during the three months ended 31 March 2021, as compared to the same period in 2020, average net sales price per hectolitre of beer increased due to price increases across the Group's markets. Similarly, in each of 2020, 2019 and 2018 average net sales prices increased compared to the prior year due to price increases across the Group's markets.

With respect to the Beer Group's international beer operations, in the three months ended 31 March 2021, as compared to the same period in 2020, average net sales price per hectolitre of beer increased mainly due to the price increases across the markets, impacted by a favourable brand mix with better performance in the premium segment as well as better discount management in Russia. In 2020, as compared to 2019, average net sales prices per hectolitre of beer at the Beer Group's international beer operations increased, as compared to 2019, mainly due to higher prices in CIS countries in spite of pricing pressure in Russia and Ukraine. In 2019, as compared to 2018, average net sales prices increased mainly as a result of price increases and a shift in product mix towards more premium brands ("premiumisation"). Average net sale prices per hectolitre of beer in the

Beer Group's Turkey beer operations increased in the three months ended 31 March 2021, as compared to the same period in 2020, supported by the price increases and lower discounts due to the lack of on-trade in the first two months of the year. Average net sales price per hectolitre of beer in the Beer Group's Turkey beer operations increased in 2020 despite the volume decline, as compared to 2019, due to price adjustments and revenue growth management as well as lower sales in on-trade due to relatively higher discounts being applied in the on-trade sales channel. Average net sales price per hectolitre of beer in the Turkey Beer increased in 2019, as compared to 2018, principally due to price increases during the year, as well as favourable sales mix and premiumisation.

In the soft drinks market, the Group prices its products in such a way as to reflect changes in prices of raw materials (other than concentrate) and packaging, inflation and taking competition into account. Cost of concentrate, which is the most significant cost element for a large part of the Group's soft drinks, is linked to the product's end price, as for sparkling beverages CCI and its Bottlers buy concentrate and beverage bases from TCCC, or its authorised suppliers, at prices established by TCCC. See "*The Group and its Business—Business Lines—Soft Drinks—Relationship with The Coca-Cola Company*". Product mix also affects average sales prices to an extent, but less so than for beer (the main classification for soft drinks is sparkling and still).

Average net sale prices per unit case in Soft Drinks increased in the three months ended 31 March 2021, as compared to the same period in 2020, due to price adjustments and successful revenue growth management initiatives. Average net sale prices per unit case in Soft Drinks increased in 2020, as compared to 2019, reflecting strong double-digit growth in Turkey while international operations also had a positive contribution on a foreign exchange neutral basis. Average net sale prices per unit case in Soft Drinks increased in 2019, as compared to 2018, reflecting growth in Turkey and a positive foreign exchange conversion impact from international operations.

Production Levels

The Group operates eleven breweries in Russia with a total installed capacity of 33.5 million hectolitres per year, three breweries in Turkey with a total installed capacity of 7.0 million hectolitres per year, and three breweries in Ukraine with a total installed capacity of 7.7 million hectolitres per year. The Group also operates two breweries in Kazakhstan and one in each of Georgia and Moldova. The Group operates two malteries and one hops processing facility in Turkey and three malteries in Russia. In addition, it operates ten soft drinks bottling facilities in Turkey, six in Pakistan, three in Iraq, two in Kazakhstan, and one in each of Azerbaijan, Kyrgyzstan, Jordan, Tajikistan and Turkmenistan.

The Group aims to operate its production facilities at such capacity levels as to increase operating efficiency and ensure that production levels sufficiently cover demand for its products in the relevant markets. As demand for beer and soft drinks usually increases in the warm periods of late spring and summer, the Group usually tends to increase production in the spring in order to adequately cover demand during its peak and builds up stock in warehousing space typically owned by the Group and located in its brewery and production facilities. See below "*—Seasonal Consumption Cycles and Weather Conditions*".

The following tables set forth certain information about the breweries, malteries, hops processing facility and bottling facilities of the Company:

Breweries	**Installed Capacity**	**Average Capacity Utilised in 2020**
	(million hectolitres)	*(%)*
Russia	33.5	65
Turkey	7.0	66
Ukraine	7.7	68
Kazakhstan	2.6	79
Moldova	1.5	46
Georgia	2.0	39

Processing Facilities	**Type**	**Installed Capacity**	**Average Capacity Utilised, 2020**
		(tonnes)	*(%)*
Turkey	Maltery	115,000	75
Turkey	Hops Processing	300[1]	54
Russia	Maltery	268,000	100

Note:

(1) Installed capacity for pellets is measured in terms of pellets and not tonnes.

Bottling Facility	**Installed Capacity**	**Average Capacity Utilised, 2020**
	(mn unit cases)	*(%)*
Turkey	703	73
Pakistan	461	70
Iraq	158	65
Kazakhstan	181	82

Bottling Facility	Installed Capacity	Average Capacity Utilised, 2020
	(mn unit cases)	*(%)*
Azerbaijan	66	72
Kyrgyzstan	19	107
Jordan	32	50
Tajikistan	14	47
Turkmenistan	29	18
Syria	—	—

Seasonal Consumption Cycles and Weather Conditions

Demand for the Group's products has been in the past and may in the future be affected by seasonal consumption cycles and adverse weather conditions. The Group experiences the strongest demand for its products when temperatures rise and particularly during the spring and summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the summer or spring months, have had and may have in the future an adverse effect on sales volumes.

Cost Optimisation Initiatives

The Group's principal costs are production costs and operating expenses. In order to minimise its cost base, management started implementing cost and spending optimisation initiatives in 2018. The Group implemented zero-based budgeting and spending programmes for operating expenses aimed at reducing discretionary expenses and reinvesting funds back into the core business. Additionally, the Group has implemented production cost savings initiatives with the goal of identifying sustainable cost reduction opportunities while maintaining quality, health and safety. In 2020, the Group initiated operating and capital expenses savings programmes in response to the COVID-19 pandemic. Between the year ended 31 December 2018 and the three months ended 31 March 2021, these initiatives resulted in a decrease in production costs, specifically materials costs and production overheads, and operating expenses such as events and sponsorships, facilities and related services, sales support and resources, logistics and transport, consultancy and travel expenses.

Changes in the Availability or Price of Raw Materials and Packaging

A significant portion of the Group's cost of sales relates to raw materials and commodities, primarily malted barley, hops and water, being the key ingredients for beer production, and other ingredients of beer or soft drinks, including wheat, corn grits, corn syrup, rice, flavoured concentrate, fruit concentrate, sugar, sweetener, and packaging raw materials, such as glass, PET bottles, aluminium cans, labels and plastic crates. Malt is one of the Group's most important raw materials, representing approximately 15 per cent. to 25 per cent. of total cost of sales for beer on average. Many of these raw materials are, or are sourced from, commodities. The supply and prices of raw materials and packaging used by the Group have in the past, and may in the future, fluctuate widely as a result of a number of factors beyond the Group's control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. Adverse weather conditions can also impact crop quality causing the Group to use raw materials more and decreasing the availability of the affected crop resulting in higher prices. The prices of these materials are also affected by the relative bargaining power of the suppliers, which has in the past, and may in the future, further strengthen, due to suppliers' consolidation, thus reducing supply alternatives for the Group. Moreover, in Turkey the Group is required by Turkish regulations to buy sugar locally, often at prices higher than those prevailing in the market generally.

During the last five years, the average price of malting barley in Europe has ranged from €155 per tonne to €235 per tonne driven by crop conditions as well as changes in the supply of other grains mainly feed barley and wheat. In late 2019 and early 2020, the price decreased to €160 per tonne before beginning to increase from July 2020. In 2021, the price of malting barley increased to €220 per tonne in response to higher demand. In addition, market prices for aluminium have fluctuated significantly in recent years, increasing from U.S.$1,420 per metric tonne in the last quarter of 2015 to U.S.$2,600 per metric tonne in spring 2018, then decreasing to below U.S.$1,750 per metric tonne in mid-2019. The price of aluminium was negatively impacted by the COVID-19 pandemic, decreasing sharply to U.S.$1,420 in the first quarter of 2020 before increasing to between U.S.$2,350 and U.S.$2,400 per metric tonne in the first quarter of 2021.

The Group tries to manage the timing and prices at which it purchases raw materials and packaging in order to secure lower prices, and to price its products in such a way as to pass on raw material and packaging price increases to its consumers. Certain of the Group's purchase contracts for raw and packaging materials are for longer periods, although the Group usually renegotiates them on a yearly basis (or in some cases for shorter periods of semi-annual or quarterly terms) and while some are linked to market prices which can fluctuate, others are for fixed prices and in others pricing may be part-fixed and part-linked to floating market prices. As a result, the Group may in certain cases secure advantageous low prices for raw materials when purchasing at the lows of price cycles, but may also fail to benefit from lower prices when it has fixed its purchase agreements at higher price levels.

Prices of Water and Energy

The Group's production processes require consumption of large amounts of water, including during the brewing process and production of soft drinks, as well as in the agricultural supply chain. Changes in precipitation patterns and other weather events have in the past and may in the future affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation have in the past and may in the future result in increases to the Group's manufacturing costs.

Furthermore, interruptions in the supply of energy or significant energy price increases have in the past and can in the future also have an adverse effect on the Group's operating and financial performance. The Group uses material amounts of electricity, natural gas and other energy sources to operate its breweries and bottling plants and, in some of its markets, to operate fleets of motor vehicles. Energy prices have been subject to significant price volatility in the recent past and may be volatile in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain geographies, may have an adverse effect on the Group's operating income and could potentially challenge the Group's profitability in certain markets.

In recent years, in most of the key markets in which the Group operates, price increases for water and energy have, with limited exceptions, been broadly in line with inflation.

Idle asset sales

In 2013, the Group launched a production optimisation programme in order to improve its competitiveness and support sustainable efficiency in its operations. As part of this programme, the Group closed breweries in Moscow, Rostov and Luleburgaz in 2014 and a further brewery in Istanbul in 2017. Subsequently, the Group sold these idle assets and other related idle lands in order to improve its leverage ratios. Between 2018 and

2020, the Group sold land at the former İstanbul and Moscow breweries as well as some other smaller assets for total consideration of TRL 675 million. During the three months ended 31 March 2021, the Group sold land at the former Luleburgaz brewery for total consideration of TRL 60 million.

Adoption of TFRS 16

The Group adopted TFRS 16 "Leases" ("TFRS 16") from 1 January 2019. The Group has not restated the comparative financial data for the year ended 31 December 2018, which is presented in the 2019 Audited Consolidated Financial Statements. Under TFRS 16, right of use assets are measured based on the cost of the lease during the transition period. Upon adopting TFRS 16, the Group recognised lease liabilities which had previously been classified as operating leases under 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. As a result, in the year ended 31 December 2019, the adoption of TFRS 16 impacted profit/(loss) from operating activities, loss attributable to owners of parent and EBITDA (BNRI) by TRL 32.2 million, TRL 12.6 million and TRL 129.0 million, respectively.

Changes in taxes

Taxation on the Group's beer products in the countries in which it operates comprises different taxes specific to the Group's products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as VAT. In many jurisdictions, such excise and other indirect taxes make up a large proportion of the cost of beer charged to customers. Turkey and Russia recently increased excise taxes on beer. In Russia the cumulative increase in excise tax on beer since 2018 has been 10 per cent, while in Turkey the cumulative increase in excise tax on alcoholic products since 2018 has been 77 per cent. These taxes have resulted in significant price increases in both countries and continue to cause pressures on the Group's sales of beer in these countries, which could adversely affect the Group's sales volumes, sales revenues and profit margins from its beer operations. In Russia, the current excise tax on beer containing up to 8.6 per cent. alcohol is 23 Roubles per litre, and rates of 24 Roubles in 2022 and 25 Roubles in 2023 have been introduced into the Russian tax code, while the Ministry of Finance has announced the preliminary inflation adjustment that excise tax is expected to be increased to 26 Roubles in 2024. The excise tax on alcoholic beverages in Turkey is adjusted every six months (i.e. in January and July each year) for inflation based on the rate of the PPI in Turkey. The adjustment is made automatically following the official declaration of the PPI by the State Statistics Institution. In January 2021, the excise tax on beer increased by 17.1 per cent. from TRL2.04 to TRL2.39. The next excise tax adjustment in Turkey is expected to take place in July 2021. In addition, an excise tax of 10 per cent. applies to most soft drinks in Turkey. However, a 35 per cent. excise tax applies to sales of cola-type soft drinks. The Group's general strategy is to pass through any increases in excise tax to consumers, and if possible, increase prices slightly in excess of any such tax increases. See "*Risks Factors—Legal, Regulatory and Tax Risks—The beer and beverage industry may be subject to adverse changes in taxation*".

Increases in excise and other indirect taxes applicable to the Group's products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging consumers to switch to other categories of beverages. These increases also adversely affect the affordability of the Group's products and its profitability.

Foreign Currency Fluctuations

The Company presents its consolidated financial statements in Turkish Lira, which is the functional currency of the Company and its Turkish subsidiaries and joint ventures. Subsidiaries and joint ventures outside Turkey, particularly those operating in the International Beer segment, generally use their local currency as their functional currency; however, EBI, the holding company for the Group's international beer operations, has adopted the US Dollar as its functional currency. See note 2.2 of the 2020 Audited Consolidated Financial Statements for information about the functional currency of certain of the Group's subsidiaries and joint ventures. The results of operations of those subsidiaries and joint ventures whose functional currency is not the Turkish Lira are translated into Turkish Lira at the applicable exchange rate for inclusion in the Group's consolidated financial statements. In the case of the Group's international beer operations, the results of operations of those entities are subject to a double translation as their results are first translated from their local currency into US Dollars (for consolidation within EBI's results), and then from US Dollars into Turkish Lira.

The following table sets out average and period end exchange rates of the Rouble against the Turkish Lira, the US Dollar against the Turkish Lira and the US Dollar against the Rouble for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	TRL/RUR[1]		**USD/TRL**		**USD/RUR**	
Period	**Average**	**Period End**	**Average**	**Period End**	**Average**	**Period End**
Three months ended 31 March						
2021	10.0706	9.0925	7.3820	8.3258	74.3414	75.7023
2020	10.9031	11.9295	6.0921	6.5160	66.4226	77.7325
Year ended 31 December						
2020	10.3030	10.0641	7.0034	7.3405	72.1566	73.8757
2019	11.4150	10.4215	5.6712	5.9402	64.7362	61.9057
2018	12.9826	13.2051	4.8301	5.2609	62.7078	69.4706

Note:

(1) Exchange rates derived by the Company using the above TRL/RUR, USD/TRL and USD/RUR rates.

The Turkish Lira weakened significantly against the US Dollar between 2018 and 2020. This had a significant positive effect on the translation of Group's sales revenues mainly from the international operations of both the Beer Group and Soft Drinks.

In addition, although the Group incurs its capital and operating expenses and derives its sales revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are in currencies other than the Turkish Lira, principally the US Dollar, Russian Rouble and Euro. As of 31 March 2021, 79 per cent. and 6 per cent. of the Group's long-term borrowings (including the current portion thereof) were denominated in US Dollars and Euros, respectively. In addition, 23 per cent., 17 per cent. and 9 per cent. of the Group's short-term borrowings (excluding the current portion of long-term borrowings), respectively, were denominated in Russian Roubles, Ukrainian Hryvnia and Euros (and no such short-term borrowings in Euros), while 43 per cent. of such short-term borrowings were denominated in Turkish Lira.

Restriction on Advertising of Beer Products

Existing or additional restrictions on, or prohibition of, beer advertising in the mass media or certain sales channels in the Group's key markets have had in the past and can have in the future a material adverse effect on its sales and operating and financial results. In Russia, the Group's largest market, there are extensive restrictions on beer advertising, which include a ban on the broadcasting of beer commercials on television and radio, and their publication on the internet, as well as limitations regarding locations of beer sales and consumption. Additional restrictions include labelling and health warning requirements. See "*Regulation—Russia*". In addition, in certain CIS countries that have histories of high average levels of alcohol consumption, legal restrictions and limitations on alcohol consumption, including in connection with public order, are becoming increasingly strict and in some cases stricter than in western European countries. In Turkey, there is a general prohibition on beer advertising in the mass media and other general sales channels, with limited exceptions such as service materials in restaurants and cafes that have licenses to serve alcoholic beverages and carriage materials such as boxes, packaging, etc. Depictions of alcoholic beverages on television and in films must be blurred and labelling and health warning requirements are also in place. See "*Regulation—Turkey*" and "*Risk Factors—Risks Related to the Group's Business—Restrictions on beer advertising, sales or consumption may adversely affect the Group's business*".

Segments

The Group has two operating segments: Beer Group and Soft Drinks. Prior to 2021, the Group had three operating segments consisting of International Beer, Domestic Beer and Soft Drinks. As of 31 March 2021, the Group presented International Beer and Domestic Beer as a single operating segment because Beer Group meets the aggregation criteria under TFRS 8 "Operating Segments" as the contribution of Domestic Beer to the Group's performance has become relatively less significant over time following the merger of the Group's and AB InBev's Russian and Ukrainian operations in 2018. In this Prospectus, the Group presents segmental information for the periods covered by the Consolidated Financial Statements on the basis of two segments: Beer Group and Soft Drinks.

Explanation of Key Consolidated Income Statement Items

Revenue

Revenue represents net sales after deducting excise tax and certain deductions and discounts (mainly for dealers, distributors and key accounts) from the Group's gross sales. The Group derives its sales revenue from the sale of beer and soft drinks internationally across a broad region that includes Russia, Ukraine, the CIS and countries in the Middle East, Central Asia, Pakistan and in its home market of Turkey.

For the three months ended 31 March 2021, 39.2 per cent. and 60.8 per cent. of the Group's revenue came from the Beer Group and Soft Drinks, respectively, as compared to 41.9 per cent. and 58.1 per cent. for the three months ended 31 March 2020. For the year ended 31 December 2020, 46.2 per cent. and 53.8 per cent. of the Group's revenue came from the Beer Group and Soft Drinks, respectively, as compared to 48 per cent. and 52 per cent. for the year ended 31 December 2019 and 43.2 per cent. and 56.8 per cent., respectively, for the year ended 31 December 2018. The Group also has a segment of other and eliminations, which principally comprises group consolidation adjustments and intercompany eliminations.

Cost of Sales

Cost of sales comprises current year purchases and net change in inventory, depreciation and amortisation expense, personnel expenses, utility expenses, repair and maintenance expenses, provision for retirement pay liability and other expenses. In each of the periods presented, a significant proportion (approximately 80 per cent. in each period) of total cost of sales consist of current year purchases and net change in inventory. Cost of sales relates to the Group's production and production facilities, and those personnel associated with its production activities.

Current year purchases and net change in inventory. The Group's current year purchases and net change in inventory reflects the purchase and consumption of raw, packaging and other materials for the goods sold and the cost of trade goods sold.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense includes straight line depreciation and amortisation charges for tangible and intangible assets and right of use assets.

Personnel expenses. The Group's personnel expenses includes wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions.

Utility expenses. The Group's utility expenses includes energy (electricity, fuel, natural gas, etc.) and other utility (water) expenses.

Repair and maintenance expenses: The Group's repair and maintenance expenses includes expenses that are incurred to keep the Group's machinery or other production equipment in proper running condition.

Other expenses. The Group's other expenses includes spare parts' consumption and other cost related expenditures.

General Administrative Expenses

General administrative expenses comprises personnel expenses, outsource expenses, depreciation and amortisation expense, information technology expenses, taxation expenses (except for income tax), utilities and communication expenses, provision for retirement pay liability, insurance expenses, repair and maintenance expenses, provision for unused vacation and other general administrative expenses. General administrative expenses relate to the Company's headquarters and the administrative and headquarter expenses of other Group members.

Personnel expenses. The Group's personnel expenses include wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions.

Outsource expenses: The Group's outsource expenses includes auditing, legal and other consultancies and outsourced services (security, cleaning, etc.) as well as royalty expenses.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense includes straight line depreciation and amortisation charges for tangible and intangible assets.

Information technology expense. The Group's information technology expense includes maintenance, licence, infrastructure, application support and consultancy service expenses.

Sales, Distribution and Marketing Expenses

Sales, distribution and marketing expenses comprises transportation and distribution expenses, advertising, selling and marketing expenses, personnel expenses, depreciation and amortisation expenses, repair and maintenance expenses, utilities and communication expenses, provision for retirement pay liability and other sales, distribution and marketing expenses. Such expenses relate to the Group's sales, distribution and marketing facilities and those personnel that are associated with the Group's sales and distribution activities.

Transportation and distribution expenses. The Group's transportation and distribution expenses includes in-house and external transportation and distribution expenses of goods produced and sold.

Advertising, selling and marketing expenses. The Group's advertising, selling and marketing expenses, where not limited by law, includes point of sale materials expenses, advertisement (on social media, TV, radio, newspaper, boards, etc.) expenses, sales premiums and other selling and marketing related expenses.

Personnel expenses. The Group's personnel expenses includes wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions.

Depreciation and amortisation expenses. The Group's depreciation and amortisation expenses includes straight line depreciation and amortisation charges for tangible and intangible assets and right of use assets.

Other Income from Operating Activities

Other income from operating activities primarily comprises foreign exchange gains arising from operating activities, income from scrap and other materials, rent income, reversal of provision for inventory obsolescence and other income from various activities. Other income from operating activities also includes insurance compensation income, reversal of provision for expected credit loss and rediscount income.

Other Expenses from Operating Activities

Other expense from operating activities includes foreign exchange losses arising from operating activities, provision for expected credit loss, provision for inventory obsolescence, donations and other expenses. Other expenses from operating activities also includes depreciation and amortisation expense of idle fixed assets, rediscount expense and administrative fines.

Investment Activity Income

Investment activity income principally comprises the transfer of currency translation differences previously accounted as other comprehensive income and gain on sale of fixed assets. Investment activity income also includes provision for impairment on property, plant and equipment no longer required, gain on put option revaluation and other investment income.

Investment Activity Expenses

Investment activity expenses principally comprises loss on the sale of property, plant and equipment, loss on the sale of intangible assets, loss on the sale of put option valuation, provision for impairment on intangible assets, provision for impairment of property, plant and equipment and provision for impairment on investment properties. Investment activity expenses also include provision for impairment of goodwill and other investment activity expenses.

Income/(Loss) from Associates

Income/(Loss) from associates reflects the loss on the Company's investment in Anadolu Etap and Syrian Soft Drink Sales & Dist. LLC.

Finance Income

Finance income principally comprises foreign exchange gain, interest income, and gain on derivative transactions. Finance income also includes interest income from sub-lease receivables, gain arising from the termination of lease agreements and other finance income.

Finance Expenses

Finance expenses principally comprises foreign exchange loss, interest and borrowing expenses and loss on derivative transactions. Finance expenses also includes interest expenses related to leases and other finance expenses.

Current Period Tax Expense

Current period tax expense includes the tax charge for the current period measured at the amount expected to be paid to the tax authorities. The tax expense is calculated in accordance with the tax laws enacted (or substantively enacted) at the balance sheet date in the countries where the relevant Group member operates. The corporate tax rate in Turkey was 22 per cent. for 2020, 2019 and 2018. In accordance with Regulation No. 7316, published in Official Gazette 31462 on 22 April 2021, effective 1 January 2021, the corporate tax rate in Turkey has been increased from 20 per cent. to 25 per cent. for 2021 and to 23 per cent. for 2022. See "—*Recent Developments*".

Deferred Tax Income/(Expense)

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. Deferred tax income also includes the effect of carried forward tax losses as a result of the Group's management's assessment that sufficient taxable income will be generated and such carried losses will be utilised until their maturity.

Profit/(Loss) from Discontinued Operations

Profit/(Loss) from discontinued operations is profit/(loss) from the Doğadan brand, the non-ready-to-drink tea brand in CCI's portfolio, in the year ended 31 December 2020. Sales and distribution activities of the Doğadan brand terminated as of 30 April 2020 and Doğadan has been classified as a non-current asset held for sale.

Operating and Financial Results

Historical Results

The table below sets out data from the Group's consolidated income statement for the three months ended 31 March 2021 and 2020 as prepared in accordance with TAS 34, and for the three years ended 31 December 2020, 2019 and 2018 as prepared in accordance with TAS, unless otherwise indicated. The Group has made changes to the historical information for the three months ended 31 March 2020 since the interim financial statements for that period were published. The Group has also made changes to the historical financial information as at and for the three years ended 31 December 2019 and 2018 since the audited consolidated financial statements for those years were published. The historical financial information for the three months ended 31 March 2020, the year ended 31 December 2019 and the year ended 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the Q1 2021 Reviewed Interim Financial Statements, the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information—Restatements and Reclassifications*" for further information on these restatements and reclassifications. As a result of the restatements and reclassifications, the summary consolidated income statement for the year ended 31 December 2018 is not directly comparable to the summary consolidated income statements for the years ended 31 December 2020 and 2019, although such incomparability has been concluded to be immaterial. For information purposes, the summary consolidated income statement for the year ended 31 December 2018 has been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information—Restatements and Reclassifications—Comparative Financial Information as at and for the Year Ended 31 December 2018*".

	Three months ended 31 March			Year ended 31 December				
	2021	2020 (1)	Change	2020	2019 (2)	Change 2020 v 2019	2018 (3)	Change 2018 v 2019
		(restated)			*(restated)*		*(restated)*	
	(TRL millions)		%	*(TRL millions)*		%	*(TRL millions)*	%
Revenue	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5
Cost of Sales	(4,207.4)	(3,190.7)	31.9	(16,799.3)	(14,320.2)	17.3	(11,957.3)	19.8
Gross Profit from Operations	1,951.9	1,322.9	47.6	9,943.4	8,756.4	13.6	6,732.3	30.1
General administrative Expenses	(527.5)	(453.0)	16.4	(2,057.2)	(1,770.7)	16.2	(1,557.7)	13.7
Sales, Distribution and Marketing Expenses	(1,307.6)	(1,111.5)	17.6	(5,210.1)	(4,908.6)	6.1	(3,957.8)	24.0
Other Income from Operating Activities	184.4	148.6	24.1	859.1	626.9	37.0	554.4	13.1
Other Expense from Operating Activities	(195.3)	(313.7)	(37.7)	(818.0)	(457.8)	78.7	(408.2)	12.1
Profit/(Loss) from Operating Activities	106.0	(406.7)	(126.1)	2,717.2	2,246.2	21.0	1,363.0	64.8
Investment Activity Income	545.4	298.7	82.6	474.5	909.5	(47.8)	231.3	293.3
Investment Activity Expenses	(10.9)	(13.3)	(18.2)	(158.4)	(222.0)	(28.6)	(178.5)	24.4
Share of Loss from Investments Accounted for Using Equity Method(4)	(86.2)	(55.4)	55.7	(249.0)	(123.7)	101.2	(81.1)	52.6
Profit/(Loss) Before Financing Income/(Expense)	554.3	(176.6)	(413.8)	2,784.3	2,810.0	(0.9)	1,334.7	110.5
Finance Income	672.6	442.5	52.0	2,258.4	1,096.8	105.9	3,093.4	(64.5)
Finance Expenses	(624.3)	(607.1)	2.8	(2,975.7)	(1,949.0)	52.7	(4,052.0)	(51.9)
Profit From Continuing Operations, Before Tax	602.7	(341.3)	(276.6)	2,067.0	1,957.9	5.6	376.1	420.6
Tax (Expense)/Income, Continuing Operations	(186.1)	(10.5)	1,664.4	(610.1)	(652.3)	(6.5)	(277.2)	135.3
Current Period Tax Expense	(195.2)	(94.0)	107.7	(610.3)	(411.6)	48.3	(261.3)	57.5
Deferred Tax Income/(Expense)	9.1	83.5	(89.0)	0.2	(240.7)	(100.0)	(15.9)	1,413.8

	Three months ended 31 March			Year ended 31 December				
	2021	2020[(1)]	Change	2020	2019[(2)]	Change 2020 v 2019	2018[(3)]	Change 2018 v 2019
		(restated)			*(restated)*		*(restated)*	
	(TRL millions)		*%*	*(TRL millions)*		*%*	*(TRL millions)*	*%*
Profit/(Loss) From Continuing Operations	416.6	(351.8)	(218.4)	1,456.9	1,305,6	11.6	98.9	1,220.3
Profit/(Loss) from Discontinuing Operations..................	—	(2.4)	(100)	(4.0)	3.0	(232,1)	—	100.0
Profit/(Loss)	416.6	(354.3)	(217.6)	1,452.9	1,308.6	11.0	98.9	1,223.4

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the three months ended 31 March 2021, the comparative information for the three months ended 31 March 2020 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the three months ended 31 March 2020, see Note 2. to the 2021 Interim Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(2) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information*" in this Prospectus.

(3) In order to reflect the restatement of provisionally recognised goodwill, certain of the comparative information for the year ended 31 December 2018 has been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

(4) In the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, share of loss from investments accounted for using equity method was referred to as income/(loss) from associates.

The following table sets forth a breakdown of the Group's revenue by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018, derived from the Consolidated Financial Statements unless otherwise indicated:

	Three months ended 31 March			Year ended 31 December				
	2021	2020	Change	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
		(restated)		*(restated)*	*(restated)*		*(restated)*	
	(TRL millions)		*%*	*(TRL millions)*		*%*	*(TRL millions)*	*%*
Segment[(1)]								
Beer Group	2,412.1	1,892.0	27.5	12,352.0	11,069.0	11.6	8,066.7	37.2
Soft Drinks	3,747.3	2,621.6	42.9	14,391.0	12,007.8	19.8	10,623.4	13.0
Other and Eliminations.	(0.1)	(0.1)	4.8	(0.3)	(0.2)	56.9	(0.4)	(41.9)
Total............................	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5

Note:

(1) Segment revenue information in the table excludes inter-segment revenue elimination, which is reported within other and eliminations.

Results of Operations for the Three Months Ended 31 March 2021 and 2020

The table below sets out data from the Group's consolidated income statement for the three months ended 31 March 2021 and 2020 as prepared in accordance with TAS 34, unless otherwise indicated. The Group has made changes to the historical information for the three months ended 31 March 2020 since the interim financial statements for that period were published. The historical financial information for the three months ended 31 March 2020 in this Prospectus is therefore sourced from the comparative column in the Q1 2021 Reviewed Interim Financial Statements. See "*Presentation of Information—Presentation of Financial Information—*

Comparability of Financial Information—Restatements and Reclassifications" for further information on these restatements and reclassifications.

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Revenue	6,159.3	4,513.5	36.5
Cost of Sales	(4,207.4)	(3,190.7)	31.9
Gross Profit/(Loss)	1,951.9	1,322.9	47.6
General Administrative Expenses	(527.5)	(453.0)	16.4
Sales, Distribution and Marketing Expenses	(1,307.6)	(1,111.5)	17.6
Other Income from Operating Activities	184.4	148.6	24.1
Other Expenses from Operating Activities	(195.3)	(313.7)	(37.7)
Profit/(Loss) from Operating Activities	106.0	(406.7)	(126.1)
Investment Activity Income	545.4	298.7	82.6
Investment Activity Expenses	(10.9)	(13.3)	(18.2)
Income/(Loss) from Investments Accounted for Using Equity Method	(86.2)	(55.4)	55.7
Profit/(Loss) Before Financing Income/(Expenses)	554.3	(176.6)	(413.8)
Finance Income	672.6	442.5	52.0
Finance Expenses	(624.3)	(607.1)	2.8
Profit/(Loss) From Continuing Operations, Before Tax	602.7	(341.3)	(276.6)
Tax (Expense)/Income, Continuing Operations	(186.1)	(10.5)	1,664.4
Current Period Tax Income/(Expense)	(195.2)	(94.0)	107.7
Deferred Tax Income/(Expense)	9.1	83.5	(89.0)
Profit/(Loss) From Continuing Operations	416.6	(351.8)	(218.4)
Profit/(Loss) From Discontinued Operations	—	(2.4)	(100)
Profit/(Loss) for the Period	416.6	(354.3)	(217.6)

Revenue

The Group's revenue was TRL 6,159.3 million for the three months ended 31 March 2021, as compared to TRL 4,513.5 million for the three months ended 31 March 2020, representing an increase of 36.5 per cent. (or TRL 1,645.8 million). Foreign currency fluctuations resulted in 9.4 per cent. of the change in revenue. The remaining increase in the three months ended 31 March 2021 was principally driven by volume growth and price increases as well as a favourable product mix combined with better discount management.

The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Segment			
Beer Group	2,412.1	1,892.0	27.5
Soft Drinks	3,747.3	2,621.6	42.9
Other and Eliminations	(0.1)	(0.1)	4.8
Total	6,159.3	4,513.5	36.5

The following table sets forth certain information regarding the Group's sales volume by segment for the periods indicated:

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Segment			
Beer Group *(mhl)*[1]	7.3	7.0	4.3
Soft Drinks (*million unit cases*[2])	280.8	238.5	17.7
Total (*mhl*[1])	23.2	20.5	13.2

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

The following table sets forth certain information regarding the Group's average net sale prices per hectolitre of beer and per unit case of soft drinks for the periods shown:

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Segment			
Beer Group *(TRL per hl)*[(1)]	331.8	271.4	22.3
Soft Drinks[(1)] (*TRL per unit case*[(2)])	13.3	11.0	21.4
Group Consolidated[(1)] (*TRL per hl*)	265.3	220.0	20.6

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

Beer Group. The Group's revenue from the Beer Group segment was TRL 2,412.1 million for the three months ended 31 March 2021, as compared to TRL 1,892 million for the three months ended 31 March 2020, representing an increase of 27.5 per cent. (or TRL 520.1 million). The increase was primarily due to the performance of its international beer operations. The Beer Group's revenue from its international beer operations was TRL 2,013.3 million for the three months ended 31 March 2021, as compared to TRL 1,570.8 million for the three months ended 31 March 2020, representing an increase of 28.2 per cent. (or TRL 442.5 million), mainly due to price increases across the markets impacted by better performance in the premium segment, especially in CIS countries. Better discount management in Russia also contributed to the increase in revenue. In US Dollar terms, sales revenue from the international beer operations was US$272.7 million for the three months ended 31 March 2021, as compared to US$257.9 million for the three months ended 31 March 2020, representing an increase of 5.7 per cent. The Beer Group's revenue from its Turkey beer operations was TRL 389.3 million for the three months ended 31 March 2021, as compared to TRL 311.9 million for the three months ended 31 March 2020, representing an increase of 24.8 per cent. (or TRL 77.4 million). The increase was primarily due to price increases in line with the Beer Group's revenue growth management initiatives and lower discounts due to the lack of sales through the on-trade channel as a result of COVID-19 restrictions.

Soft Drinks. The Group's revenue from soft drinks was TRL 3,747.3 million for the three months ended 31 March 2021, as compared to TRL 2,621 million for the three months ended 31 March 2020, representing an increase of 42.9 per cent. (or TRL 1,485.7 million). The increase was mainly due to volume growth, price increases, and the positive foreign exchange conversion impact of international operations.

Cost of Sales

The Group's cost of sales was TRL 4,207.4 million for the three months ended 31 March 2021, as compared to TRL 3,190.7 million for the three months ended 31 March 2020, representing an increase of 31.9 per cent. (or TRL 1,016.7 million). In the Beer Group, the increases were primarily due to an incremental increase year-on-year in the share of cans (which are more expensive than glass bottles) driven by changes in consumer preferences after the COVID-19 pandemic observed across all of the Group's operations. There was also incremental cost inflation due to higher commodity prices compared to the three months ended 31 March 2020. Despite these factors, the Group's international beer operations benefitted from operational leverage as well as a favourable product mix and commodity hedges. In the Turkey beer operations, cost of sales were adversely impacted by higher raw material prices as a result of high inflation as well as a negative package mix due to higher share of cans where keg sales were lower year-on-year as a result of relatively lower on-trade sales. Moreover, devaluation of the Turkish Lira resulted in increased prices of raw, packaging and other materials in the three months ended 31 March 2021 compared to the three months ended 31 March 2020, which was partially mitigated by the favourable impact of commodity hedges.

The following table sets forth the breakdown of the Group's cost of sales for the periods indicated:

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Cost of Sales			
Current year purchases and net change in inventory........	(3,313.2)	(2,433.4)	36.2
Depreciation and amortisation expense[(1)]........................	(336.3)	(299.5)	12.3
Personnel expenses	(222.4)	(180.0)	23.6
Utility expenses...	(145.8)	(128.2)	13.7
Repair and maintenance expenses..................................	(53.2)	(47.9)	11.0
Provision for retirement pay liability	(4.7)	(4.1)	15.7
Other expenses..	(131.8)	(97.5)	35.1
Total..	(4,207.4)	(3,190.7)	31.9

Note:

(1) Depreciation and amortisation expense consists of depreciation and amortisation expenses that belong to tangible and intangible assets and right of use assets.

The following table sets forth the Group's cost of sales by segment for the periods shown:

	Three months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL millions)		*(%)*
Segment			
Beer Group..	(1,719.5)	(1,382)	24.4
Soft Drinks..	(2,480.4)	(1,800)	37.8
Other and Eliminations	(7.5)	(8.6)	(13.1)
Total..	(4,207.4)	(3,190.7)	31.9

The following table sets forth certain information regarding the Group's average cost of sales per hectolitre of beer and per unit case of soft drinks for the periods shown:

	Three Months ended 31 March		
	2021	**2020**	**Change**
		(restated)	
	(TRL)		*(%)*
Segment			
Beer Group (*TRL per hl*)(1)	236.5	198.3	19.3
Soft Drinks (*TRL per unit case*)(2)	8.8	7.5	17.1
Group Consolidated (*TRL per hl*)(1)	181.2	155.5	16.5

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

Current year purchases and net change in inventory. The Group's current year purchases and net change in inventory was TRL 3,313.2 million for the three months ended 31 March 2021, as compared to TRL 2,433.4 million for the three months ended 31 March 2020, representing an increase of 36.2 per cent. (or TRL 879.8 million). This increase was mainly due to incremental cost inflation resulting from higher commodity prices and an incremental increase year-on-year in the share of cans. This was partially offset by savings in Soft Drinks resulting from changes in consumer preferences for long-term consumption packaging instead of instant consumption packaging resulting from the COVID-19 pandemic.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense was TRL 336.3 million for the three months ended 31 March 2021, as compared to TRL 299.5 million for the three months ended 31 March 2020, representing an increase of 12.3 per cent. (or TRL 36.8 million) mainly due to currency translation resulting from the weakening of the Turkish Lira, which was partially offset by the revaluation of certain property, plant and equipment as at 31 March 2018 that was depreciated until 31 March 2020.

Personnel expenses. The Group's personnel expenses was TRL 222.4 million for the three months ended 31 March 2021, as compared to TRL 180 million for the three months ended 31 March 2020, representing an increase of 23.6 per cent. (or TRL 42.2 million), mainly due to salary increases which were slightly higher than the inflation due to collective bargaining agreements.

Utility expenses. The Group's utility expenses was TRL 145.8 million for the three months ended 31 March 2021, as compared to TRL 128.2 million for the three months ended 31 March 2020, representing an increase of 13.7 per cent. (or TRL 17.6 million) mainly due to volume growth.

Other expenses. The Group's other expenses was TRL 131.8 million for the three months ended 31 March 2021, as compared to TRL 97.5 million for the three months ended 31 March 2020, representing a decrease of 35.2 per cent. (or TRL 34.3 million).

Gross Profit/(Loss)

As a result of the foregoing factors, the Group's gross profit/(loss) was TRL 1,951.9 million for the three months ended 31 March 2021, as compared to TRL 1,322.9 million for the three months ended 31 March 2020, representing an increase of 47.6 per cent. (or TRL 629 million). Gross margin was 31.7 per cent. for the three months ended 31 March 2021, as compared to 29.3 per cent. for the three months ended 31 March 2020.

General Administrative Expenses

The Group's general administrative expenses was TRL 527.5 million for the three months ended 31 March 2021, as compared to TRL 453 million for the three months ended 31 March 2020, representing an increase of 16.4 per cent. (or TRL 74.5 million). The increase was mainly due to increased personnel expenses and, to a lesser extent, increases in outsource expenses and information technology expenses, which were partially offset by a reduction in depreciation and amortisation expenses and other general administrative expense.

The following table sets forth the breakdown of the Group's general administrative expenses for the periods indicated:

	Three months ended 31 March		
	2021	**2020**	**Change**
	(TRL millions)		*(%)*
General Administrative Expenses			
Personnel expenses	(268.3)	(212.7)	26.2
Outsource expenses	(87.4)	(72.1)	21.2
Depreciation and amortisation expense	(48.1)	(53.5)	(10.1)
Information technology expenses	(39.3)	(26.3)	49.3
Taxation expenses (except for income tax)	(12.8)	(12.3)	3.7
Utilities and communication expenses	(7.7)	(6.5)	18.2
Provision for retirement pay liability	(4.5)	(4.6)	(2.3)
Insurance expenses	(3.7)	(3.8)	(2.4)
Repair and maintenance expenses	(3.6)	(3.7)	(3.3)
Provision for unused vacation	(10.3)	(7.0)	47.9
Other	(41.8)	(50.5)	(17.3)
Total	(527.5)	(453)	16.4

Personnel expenses. The Group's personnel expenses was TRL 268.3 million for the three months ended 31 March 2021, as compared to TRL 212.7 million for the three months ended 31 March 2020, representing an increase of 26.2 per cent. (or TRL 55.6 million) mainly due to salary increases which were generally in line with inflation.

Outsource expenses. The Group's outsource expenses was TRL 87.4 million for the three months ended 31 March 2021, as compared to TRL 72.1 million for the three months ended 31 March 2020, representing an increase of 21.2 per cent. (or TRL 15.3 million), mainly due to consultancy expenses and royalty expenses driven by an increase in licenced brand volume in premium segment.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense was TRL 48.1 million for the three months ended 31 March 2021, as compared to TRL 53.5 million for the three months ended 31 March 2020, representing a decrease of 10.1 per cent. (or TRL 5.4 million), mainly due to the impact of the capitalisation of a software improvement with a useful life of 12 to 18 months in the second half of 2019.

Information technology expenses. The Group's information technology expenses was TRL 39.3 million for the three months ended 31 March 2021, as compared to TRL 26.3 million for the three months ended 31 March 2020, representing an increase of 49.3 per cent. (or TRL 10 million), mainly due to digitisation projects in both the Beer Group and Soft Drinks.

Other. The Group's other general administrative expenses was TRL 41.8 million for the three months ended 31 March 2021, as compared to TRL 50.5 million for the three months ended 31 March 2020, representing a decrease of 17.3 per cent. (or TRL 8.7 million).

Sales, Distribution and Marketing Expenses

The Group's sales, distribution and marketing expenses was TRL 1,307.6 million for the three months ended 31 March 2021, as compared to TRL 1,111.5 million for the three months ended 31 March 2020, representing an increase of 17.6 per cent. (or TRL 196.1 million). The increase was mainly due to significant increases in advertising, selling and marketing expenses, transportation and distribution expenses and personnel expenses.

The following table sets forth the breakdown of the Group's sales, distribution and marketing expenses for the periods indicated:

	Three months ended 31 March		
	2021	**2020**	**Change**
	(TRL millions)		*(%)*
Sales, Distribution and Market Expenses			
Transportation and distribution expenses	(417.3)	(349.8)	19.3
Advertising, selling and marketing expenses	(354.9)	(288.6)	23.0
Personnel expenses	(273.5)	(231.6)	18.1
Depreciation and amortisation expenses	(154.6)	(145.9)	6.0
Repair and maintenance expenses	(15.3)	(9.0)	70.7
Utilities and communication expenses	(9.6)	(9.3)	2.8
Provision for retirement pay liability	(0.4)	(2.8)	(85.0)
Other	(82.1)	(74.4)	10.3
Total	(1,307.6)	(1,111.5)	17.6

Transportation and distribution expenses. The Group's transportation and distribution expenses was TRL 417.3 million for the three months ended 31 March 2021, as compared to TRL 349.8 million for the three months ended 31 March 2020, representing an increase of 19.3 per cent. (or TRL 67.5 million), mainly due to the volume growth as well as the impact of currency translation.

Advertising, selling and marketing expenses. The Group's advertising, selling and marketing expenses was TRL 354.9 million for the three months ended 31 March 2021, as compared to TRL 288.6 million for the three months ended 31 March 2020, representing an increase of 23 per cent. (or TRL 66.3 million) mainly due to marketing and selling expenses related to the +1 product launch in the Efes family of brands.

Personnel expenses. The Group's personnel expenses was TRL 273.5 million for the three months ended 31 March 2021, as compared to TRL 231.6 million for the three months ended 31 March 2020, representing an increase of 18.1 per cent. (or TRL 41.9 million), mainly due to salary increases which were generally in line with inflation despite an overall decrease in the average number of Group employees.

Depreciation and amortisation expenses. The Group's depreciation and amortisation expense was TRL 154.6 million for the three months ended 31 March 2021, as compared to TRL 145.9 million for the three months ended 31 March 2020, representing an increase of 6 per cent. (or TRL 8.7 million), mainly due to coolers and other advertising equipment installations at points of sale, which were approximately in line with growth in the Group's business.

Other Income/(Expense) from Operating Activities

The Group's other income from operating activities was TRL 184.4 million for the three months ended 31 March 2021, as compared to TRL 148.6 million for the three months ended 31 March 2020, representing an increase of 24.1 per cent. (or TRL 35.8 million). The Group's other expense from operating activities was TRL 195.3 million for the three months ended 31 March 2021, as compared to TRL 313.7 million for the three months ended 31 March 2020, representing a decrease of 37.7 per cent. (or TRL 118.4 million).

The decrease in net expense from other income/(expense) operating activities was mainly related to the decrease in the net loss from foreign exchange gain/(loss) arising from operating activities related to payables mostly from royalties, raw materials and capital expenditures that was mainly driven by the impact of the devaluation of the Russian Rouble for the three months ended 31 March 2020 compared to the three months ended March 31, 2021.

Profit/(Loss) from Operating Activities

As a result of the foregoing factors, the Group's profit from operating activities was TRL 106 million for the three months ended 31 March 2021, as compared to TRL 406.7 million loss for the three months ended 31 March 2020, representing an increase of 126.1 per cent. (or TRL 512.7 million). Operating margin was 1.7 per cent. for the three months ended 31 March 2021, as compared to negative 9.0 per cent. for the three months ended 31 March 2020.

Investment Activity Income

The Group's investment activity income was TRL 545.4 million for the three months ended 31 March 2021, as compared to TRL 298.7million for the three months ended 31 March 2020, representing an increase of 82.6 per cent. (or TRL 246.7 million). The increase was mainly due to an increase in transfer of currency translation differences previously accounted as other comprehensive income and gain on disposal of fixed assets, including the sale of the Lüleburgaz land.

Investment Activity Expenses

The Group's investment activity expenses was TRL 10.9 million for the three months ended 31 March 2021, as compared to TRL 13.3 million for the three months ended 31 March 2020, representing a decrease of 18.2 per cent. (or TRL 2.4 million). The decrease was mainly due to decreases in the provision for impairment on tangible assets and other investment activity expenses.

Loss from Investments Accounted for Using Equity Method

The Group's loss from associates was TRL 86.2 million for the three months ended 31 March 2021, as compared to TRL 55.4 million for the three months ended 31 March 2020, representing an increase of 55.7 per cent. (or TRL 30.8 million). The increase was mainly due to an increase in losses from Anadolu Etap.

Finance Income

The Group's finance income was TRL 672.6 million for the three months ended 31 March 2021, as compared to TRL 442.5 million for the three months ended 31 March 2020, representing an increase of 52 per cent. (or

TRL 230.1 million). The increase was mainly due to an increase in foreign exchange gain mainly from currency carrying cash in local operations.

Finance Expenses

The Group's finance expenses was TRL 624.3 million for the three months ended 31 March 2021, as compared to TRL 607.1 million for the three months ended 31 March 2020, representing an increase of 2.8 per cent. (or TRL 17.2 million). The marginal increase was mainly due to increases in interest and borrowing expense and foreign exchange loss, which were largely offset by a decrease in loss on derivative transactions.

Current Period Tax Income/(Expense)

The Group's current period tax income/(expense) was TRL 195.2 million for the three months ended 31 March 2021, as compared to TRL 94 million for the three months ended 31 March 2020, representing an increase of 107.7 per cent. (or TRL 101.2 million). The increase is related to changes in tax expenses directly related to the statutory taxable incomes of Group companies.

Deferred Tax Income/(Expense)

The Group's deferred tax income/(expense) was TRL 9.1 million for the three months ended 31 March 2021, as compared to TRL 83.5 million for the three months ended 31 March 2020, representing a decrease of 89 per cent. (or TRL 74.4 million).

Profit

As a result of the foregoing factors, the Group's profit for the period was TRL 416.6 million for the three months ended 31 March 2021, as compared to a loss of TRL 354.3 million for the three months ended 31 March 2020, representing an increase of 217.6 per cent. (or TRL 770.9 million), mainly reflecting better operational profit and higher foreign exchange gains from repatriated cash from EBI and the gain from the sale of the Lüleburgaz land, as well as lower financial expenses.

EBITDA (BNRI)

Set forth below is the Group's EBITDA (BNRI) on a consolidated basis and by segment for the three months ended 31 March 2021 and 2020. EBITDA (BNRI) is a Non-TAS Measure and should not be considered as an alternative to the historical financial results or other indicators of the Group's performance based on Turkish Accounting Standards. See "*Presentation of Financial Information—Non-TAS Measures*" for a definition of EBITDA (BNRI) and a reconciliation of EBITDA (BNRI) to the nearest TAS measure.

The Group's EBITDA (BNRI) was TRL 715.2 million for the three months ended 31 March 2021, as compared to TRL 301.1 million for the three months ended 31 March 2020, representing an increase of 137.5 per cent. (or TRL 414.1 million). The increase in the three months ended 31 March 2021 was principally due to a significant decline in operating expenses as a percentage of revenue ("operating expense margin") in the international beer operations and in Soft Drinks due to the calendarisation of expenses, which is when expenses are spread evenly over a year, despite an increase in operating expense margin in the Turkey beer operations resulting from planned expenses are marketing investment ahead of the summer season.

The following table sets forth a breakdown of the Group's EBITDA (BNRI) by segment for the periods indicated:

	Three months ended 31 March		
	2021	2020	Change
		(restated)	
	(TRL millions)		(%)
Segment			
Beer Group	(47.4)	(96.1)	(50.7)
Soft Drinks	762.8	397.1	92.1
Other and Eliminations	(0.3)	0.2	(273.2)
Total	715.2	301.1	137.5

Beer Group. The Beer Group's EBITDA (BNRI) was TRL negative 47.4 million for the three months ended 31 March 2021, as compared to negative TRL 96.1 million for the three months ended 31 March 2020, representing a decrease of 50.7 per cent. (or TRL 48.7 million). The international beer operations' EBITDA (BNRI) margin in the three months ended 31 March 2021 improved compared to the previous year as a result of improved gross profitability as well as lower selling and transportation expenses as a percentage of revenue. The Turkey beer operations' EBITDA (BNRI) margin was lower than the previous year due to accelerated marketing spending as well as higher selling expenses related to the +1 product launch.

Soft Drinks. The Group's EBITDA (BNRI) from soft drinks was TRL 762.8 million for the three months ended 31 March 2021, as compared to TRL 397.1 million for the three months ended 31 March 2020, representing an increase of 92.1 per cent. (or TRL 365.7 million). The increase was mainly due to an increase in gross profit margin, strict operating expenditure management and the timing effect of certain expenses, which will phase out in one year.

Results of Operations for the Years Ended 31 December 2020, 2019 and 2018

The table below sets out data from the Group's consolidated income statement for the three years ended 31 December 2020, 2019 and 2018 as prepared in accordance with TAS, unless otherwise indicated. The Group has made changes to the historical financial information as at and for the three years ended 31 December 2019 and 2018 since the audited consolidated financial statements for those years were published. The historical financial information for the year ended 31 December 2019 and the year ended 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information—Restatements and Reclassifications*" for further information on these restatements and reclassifications. As a result of the restatements and reclassifications, the summary consolidated income statement for the year ended 31 December 2018 is not directly comparable to the summary consolidated income statements for the years ended 31 December 2020 and 2019, although such incomparability has been concluded to be immaterial. For information purposes, the summary consolidated income statement for the year ended 31 December 2018 has been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information—Restatements and Reclassifications—Comparative Financial Information as at and for the Year Ended 31 December 2018*".

	Year ended 31 December				
	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
		(restated)		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Continuing Operations					
Revenue	26,742.7	23,076.6	15.9	18,689.7	23.5
Cost of Sales	(16,799.3)	(14,320.2)	17.3	(11,957.3)	19.8
Gross Profit from Operations	9,943.4	8,756.4	13.6	6,732.3	30.1
General Administrative Expenses	(2,057.2)	(1,770.7)	16.2	(1,557.7)	13.7
Sales, Distribution and Marketing Expenses	(5,210.1)	(4,908.6)	6.1	(3,957.8)	24.0
Other Income from Operating Activities	859.1	626.9	36.9	554.4	13.2
Other Expense from Operating Activities	(818.0)	(457.8)	78.5	(408.2)	12.2
Profit from Operating Activities	2,717.2	2,246.2	21.0	1,363.0	64.8
Investment Activity Income	474.5	909.5	(47.8)	231.3	293.3
Investment Activity Expenses	(158.4)	(222.0)	(28.6)	(178.5)	24.4
Share of Loss from Investments Accounted for Using Equity Method[(3)]	(249.0)	(123.7)	101.2	(81.1)	52.6
Profit Before Financing Income/(Expense)	2,784.3	2,810.0	(0.9)	1,334.7	110.5
Finance Income	2,258.4	1,096.8	105.9	3,093.4	(64.5)
Finance Expenses	(2,975.7)	(1,949.0)	52.7	4,052.0	(51.9)
Profit From Continuing Operations, Before Tax	2,067.0	1,957.9	5.6	376.1	420.6
Tax (Expense)/Income, Continuing Operations	(610.1)	(652.3)	(6.5)	(277.2)	135.3
Current Period Tax Expense	(610.3)	(411.6)	48.3	(261.3)	57.5
Deferred Tax Income/(Expense)	0.2	(240.7)	(100.1)	(15.9)	1,413.8
Profit/(Loss) From Continuing Operations	1,456.9	1,305.6	11.6	98.9	1,220.3
Profit/(Loss) From Discontinued Operations	(4.0)	3.0	(231.9)	—	—
Profit	1,452.9	1,308.6	11.0	98.9	1,223.4

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 have been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are incorporated herein by reference.

(2) In order to reflect the restatement of temporarily recognised goodwill, certain of the comparative information for the year ended 31 December 2018 has been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are incorporated herein by reference.

(3) In the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, share of loss from investments accounted for using equity method was referred to as income/(loss) from associates.

Revenue

The Group's revenue was TRL 26,742.7 million for the year ended 31 December 2020, as compared to TRL 23,076.6 million and TRL 18,689.7 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 15.9 per cent. (or TRL 3,666.1 million) in 2020 as compared to 2019, and an increase of 23.5 per cent. (or TRL 4,386.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to increased revenues derived primarily from the international beer operations and the Soft Drink segment driven mainly by higher sales prices as well as a beneficial currency translation impact in international markets. The increase was also a result of price adjustments and revenue growth management initiatives in Turkey Beer particularly during the second and third quarters of the year underpinned by a decrease in on-trade sales which had a positive effect on price per litre. However, the increase in revenue was partially offset by an increase in excise tax in Russia at the beginning of the year and aggressive competition particularly in Russia throughout the year. The increase in 2019 was principally due to higher average prices per hectolitre which were driven by a favourable product mix and price increases in all business units together with higher volumes in the international beer operations as well as currency translation impact from the weakening of the Turkish Lira. In addition, the revenue for the year ended 31 December 2019 reflects the full impact of the consolidation of AB InBev's Russian and Ukrainian operations compared to a nine-month impact for the year ended 31 December 2018.

The following table sets forth the breakdown of the Group's revenue by segment for the years indicated:

	Year ended 31 December				
	2020	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
	(restated)	*(restated)*		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Segment[1]					
Beer Group[2]	12,352.0	11,069.0	11.6	8,066.7	37.2
Soft Drinks	14,391.0	12,007.8	19.8	10,623.4	13.0
Other and Eliminations[2]	(0.3)	(0.2)	56.9	(0.4)	(41.9)
Total	26,742.7	23,076.6	15.9	18,689,7	23.5

Notes:

(1) Segment revenue information in the table excludes inter-segment revenue elimination, which is reported within other and eliminations.

(2) As a result of the change in segment presentation, Beer Group revenue increased by TRL 49.8 million, as compared to the total revenue for International Beer and Turkey Beer presented in the 2020 Audited Consolidated Financial Statements (2019: TRL 49.3 million, 2018: TRL 39.1 million), and other and eliminations revenue decreased by TRL 49.8 million as compared to the amount presented in the 2020 Audited Consolidated Financial Statements (2019: TRL 49.3 million, 2018: TRL 39.1 million).

The following table sets forth certain information regarding the Group's sales volume by segment for the years indicated:

	Year ended 31 December				
	2020	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
	(restated)	*(restated)*		*(restated)*	
			(%)		*(%)*
Segment					
Beer Group *(mhl)*[1]	36.2	36.2	0.2	31.8	13.6
Soft Drinks (*million unit cases*[2])	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Total (*mhl*)[1]	103.5	104.7	(1.2)	106.5	(1.7)

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

The following table sets forth certain information regarding the Group's average net sale prices per hectolitre of beer and per unit case of soft drinks for the years indicated:

	Year ended 31 December				
	2020	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
	(restated)	*(restated)*		*(restated)*	
	(TRL)		*(%)*	*(TRL)*	*(%)*
Segment					
Beer Group *(TRL per hl)*[1]	340.9	306.0	11.4	253.3	20.8
Soft Drinks (*TRL per unit case*[2])	12.2	9.9	22.2	8.1	23.1
Total (*TRL per hl*)[1]	258.5	220.3	17.3	175.5	25.6

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case equals 5.678 litres.

Beer Group. The Group's sales revenue was TRL 12,352 million for the year ended 31 December 2020, as compared to TRL 11,069 million and TRL 8,066.7 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 11.6 per cent. (or TRL 1,283 million) in 2020 as compared to 2019, and an increase of 37.2 per cent. (or TRL 3,002.3 million) in 2019 as compared to 2018. The increases in 2020 and 2019 were principally due to increased revenue from the international beer operations. The Beer Group's sales revenue from its international beer operations was TRL 9,995.3 million for the year ended 31 December 2020, as compared to TRL 8,765.2 million and TRL 6,158.1 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 14.0 per cent. (or TRL 1,230.1 million) in 2020 as compared to

2019, and an increase of 42.3 per cent. (or TRL 2,607.1 million) in 2019 as compared to 2018. The increase in 2020 was principally driven by a positive currency translation impact resulting from the weakening of the Turkish Lira) as well as a marginal increase in volumes in Russia that were partially offset by a decrease in volumes in Ukraine and other CIS countries resulting from COVID-19 restrictions. In addition, increases in revenue per hectolitre denominated in local currency in CIS countries was offset by local currency revenue per hectolitre in Russia and Ukraine which was under pricing pressure due to competition. The increase in 2019 was principally due to the full year consolidation of revenue from AB InBev's Russian and Ukrainian operations, a volume increase, higher prices per hectolitre, premiumisation and a positive translation impact from the weakening of the Turkish Lira.

The Group's sales revenue from its Turkey beer operations was TRL 2,307.0 million for the year ended 31 December 2020, as compared to TRL 2,254.5 million and TRL 1,869.5 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 2.3 per cent. (or TRL 52.5 million) in 2020 as compared to 2019, and an increase of 20.6 per cent. (or TRL 385 million) in 2019 as compared to 2018. The increase in 2020 was due to price adjustments, revenue growth management and favourable channel mix resulting from a decrease in sales through on-trade channels in which heavy discounts are applied. The increase in 2019 was mainly due to higher average sales per hectolitre prices despite the decreasing volume.

Soft Drinks. The Group's sales revenue from Soft Drinks was TRL 14,391.0 million for the year ended 31 December 2020, as compared to TRL 12,007.8 million and TRL 10,623.4 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 19.8 per cent. (or TRL 2,383.3 million) in 2020, as compared to 2019, and an increase of 13.0 per cent. (or TRL 1,384.4 million) in 2019, as compared to 2018. The increase in 2020 was mainly due to growth in international sales supported by volume growth and currency translation and higher prices per unit case supported by price adjustments, disciplined revenue growth management initiatives and higher share of sparkling beverages which were partially offset by a decrease in volumes resulting from restrictions imposed in response to the COVID-19 pandemic, package mix and country mix. The increase in 2019 was principally due to strong growth in Turkey that was driven by price and sales mix initiatives. Revenue marginally increased within the Group's international beer operations as a result of the devaluation of the Turkish Lira which was partially offset by a slowdown in Pakistan and a production stoppage in Turkmenistan resulting from the inability to convert international currencies into local currency to purchase goods.

Cost of Sales

The Group's cost of sales was TRL 16,799.3 million for the year ended 31 December 2020, as compared to TRL 14,320.2 million and TRL 11,957.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 17.3 per cent. (or TRL 2,479.1 million) in 2020 as compared to 2019, and an increase of 19.8 per cent. (or TRL 2,362.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to higher fixed costs and a change in packaging mix in the Turkey beer operations resulting from the decreased use of kegs as a result of COVID-19 restrictions on on-trade sales. It also resulted from a change in the useful life of spare parts from 20 years to 10 years and the discontinuation of cash designation methodology from 1 January 2020 in the Soft Drinks segment, which methodology was applied in 2019 and resulted in EUR 250 million savings during the year. The increase was partially offset by currency hedges. The increase in 2019 was principally due to higher input costs in the Turkey beer operations, particularly barley, packaging and energy costs, as well as higher volume generation in the international beer business. The increase in cost of sales in 2019 was partially offset by the synergies generated by the acquisition of AB InBev's Russian and Ukrainian operations in March 2018.

The following table sets forth the breakdown of the Group's cost of sales for the years indicated:

	Year ended 31 December				
	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
		(restated)		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Cost of Sales					
Current year purchases and net change in inventory	(13,408.2)	(11,609.7)	15.5	(9,779.2)	18.7
Depreciation and amortisation expense[1]	(1,240.2)	(1,000.0)	24.0	(950.9)	5.2
Personnel expenses	(831.7)	(674.4)	23.3	(521.6)	29.3
Utility expenses	(597.5)	(511.8)	16.7	(389.3)	31.5
Repair and maintenance expenses	(202.3)	(153.8)	31.5	(103.7)	48.3
Provision for retirement pay liability	(13.6)	(16.0)	(15.1)	(9.2)	74.2
Other expenses	(505.8)	(354.5)	42.7	(203.4)	74.3
Total	(16,799.3)	(14,320.2)	17.3	(11,957.3)	19.8

Note:

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

The following table sets forth the breakdown of the Group's cost of sales by segment for the years indicated:

	Year ended 31 December				
	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
	(restated)	*(restated)*		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Segment[1]					
Beer Group	(7,474.4)	(6,486.2)	15.2	(4,855.9)	33.6
Soft Drinks	(9,318.8)	(7,826.8)	19.1	(7,096.6)	10.3
Other and Eliminations	(6.1)	(7.2)	(15.4)	(4.9)	48.8
Total	(16,799.3)	(14,320.2)	17.3	(11,957.3)	19.8

Note:

(1) Segment revenue information in the table excludes inter-segment cost of sales elimination, which is reported within other and eliminations.

The following table sets forth the Group's cost of sales on a per hectolitre of beer and per unit case of soft drinks for the years indicated.

	Year ended 31 December				
	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
	(restated)	*(restated)*		*(restated)*	
	(TRL)		*(%)*	*(TRL)*	*(%)*
Segment					
Beer Group (*TRL per hl*)..................................	(206.3)	(179.3)	15.1	(152.5)	17.6
Soft Drinks *(TRL per unit case)*.......................	(7.87)	(6.48)	21.4	(5.40)	20.1

Current year purchases and net change in inventory. The Group's current year purchases and net change in inventory was TRL 13,408.2 million for the year ended 31 December 2020, as compared to TRL 11,609.7 million and TRL 9,779.2 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 15.5 per cent. (or TRL 1,798.5 million) in 2020 as compared to 2019, and an increase of 18.7 per cent. (or TRL 1,830.5 million) in 2019 as compared to 2018. The increase in 2020 was principally due to higher fixed costs and a change in packaging mix in the Turkey beer operations resulting from the decreased use of kegs as a result of COVID-19 restrictions on on-trade sales and the discontinuation of cash designation methodology from 1 January 2020 in the Soft Drinks segment. This increase was partially offset by currency hedges. The increase in 2019 was principally due to higher input costs in the Turkey beer operations, particularly barley and packaging costs, as well as higher volume generation in the international beer business. This increase was partially offset by synergies from the merger with AB InBev in Russia and Ukraine.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense was TRL 1,240.2 million for the year ended 31 December 2020, as compared to TRL 1,000.0 million and TRL 950.9 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 24.0 per cent. (or TRL 240.2 million) in 2020 as compared to 2019, and an increase of 5.2 per cent. (or TRL 49.1 million) in 2019 as compared to 2018. The increase in 2020 was principally due to currency translation impact resulting from the weakening of the Turkish Lira and depreciation charge from a change in the useful life of spare parts in the Soft Drink segment from 20 years to 10 years. The increase in 2019 was principally due to a currency translation impact results from the weakening of the Turkish Lira which was partially offset by the effect of the revaluation of certain property plant and equipment as at 31 March 2018 that was depreciated to 31 March 2019.

Personnel expenses. The Group's personnel expenses was TRL 831.7 million for the year ended 31 December 2020, as compared to TRL 674.4 million and TRL 521.6 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 23.3 per cent. (or TRL 157.3 million) in 2020 as compared to 2019, and an increase of 29.3 per cent. (or TRL 152.8 million) in 2019 as compared to 2018. The increase in 2020 was principally due to salary increases that were higher than inflation due to collective bargaining agreements. The increase in 2019 was principally due to salary increases in line with inflation and the impact of a full year of personnel expenses for Russia and Ukraine compared to nine months in 2018.

Utility expenses. The Group's utility expenses was TRL 597.5 million for the year ended 31 December 2020, as compared to TRL 511.8 million and TRL 389.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 16.7 per cent. (or TRL 85.7 million) in 2020 as compared to 2019, and an increase of 31.5 per cent. (or TRL 122.5 million) in 2019 as compared to 2018. The increases in 2020 and 2019 were principally due to the combined effect of energy prices and the currency translation impact.

Repair and maintenance expenses. The Group's repair and maintenance expenses was TRL 202.3 million for the year ended 31 December 2020, as compared to TRL 153.8 million, representing an increase of 31.5 per cent. (or TRL 48.5 million). The Group's repair and maintenance expenses were TRL 153.8 million for the year ended 31 December 2019, as compared to TRL 103.7 million for the year ended 31 December 2018, representing an increase of 48.3 per cent. (or TRL 50.1 million). The increases in 2020 and 2019 were principally due to currency translation impact and increasing costs associated with investment in the sustainability of existing production equipment.

Other expenses. The Group's other expenses was TRL 505.8 million for the year ended 31 December 2020, as compared to TRL 354.5 million and TRL 203.4 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 42.7 per cent. (or TRL 151.3 million) in 2020 as compared to 2018, and an increase of 74.3 per cent. (or TRL 151.1 million) in 2019 as compared to 2018.

Gross Profit from Operations

As a result of the foregoing factors, the Group's gross profit from operations was TRL 9,943.4 million for the year ended 31 December 2020, as compared to TRL 8,756.4 million and TRL 6,732.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 13.6 per cent. (or TRL 1,187 million) in 2020 as compared to 2019, and an increase of 30.1 per cent. (or TRL 2,024 million) in 2019 as compared to 2018. Gross margin was 37.2 per cent. for the year ended 31 December 2020, as compared to 37.9 per cent. and 36.0 per cent. for the years ended 31 December 2019 and 2018, respectively. The decline of gross profit margin in 2020 is primarily due to a higher share of fixed costs driven by the volume decline in Turkey, pricing pressure in Russia, the increase in the depreciation of spare parts in Soft Drinks and the discontinuation of the cash designation methodology in 2020.

General Administrative Expenses

The Group's general administrative expenses was TRL 2,057.2 million for the year ended 31 December 2020, as compared to TRL 1,770.7 million and TRL 1,557.7 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 16.2 per cent. (or TRL 286.5 million) in 2020 as compared to 2019, and an increase of 13.6 per cent. (or TRL 213 million) in 2019 as compared to 2018. The increase in 2020 was principally due to an increase in personnel expenses as well as increases in outsource expenses and depreciation and amortisation expense which was partially offset by a reduction in other general administrative expenses. The increase in 2019 was principally due to higher personnel expenses and depreciation and amortisation expense.

The following table sets forth the breakdown of the Group's general administrative expenses for the years indicated:

	Year ended 31 December				
	2020	2019	Change 2020 v 2019	2018	Change 2019 v 2018
				(restated)	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
General Administrative Expenses					
Personnel expenses	(946.2)	(761.9)	24.2	(610.3)	24.8
Outsource expenses	(440.2)	(388.4)	13.3	(428.0)	(9.3)
Depreciation and amortisation expense(1)	(215.9)	(173.5)	24.4	(88.6)	95.7
Information technology expenses	(125.0)	(101.4)	23.2	(50.4)	101.3
Taxation expenses (except for income tax)	(39.1)	(47.9)	(18.4)	(57.8)	(17.2)
Utilities and communication expenses	(32.2)	(31.4)	2.4	(33.6)	(6.5)
Provision for retirement pay liability	(29.8)	(31.0)	(3.9)	(20.8)	48.7
Insurance expenses	(19.4)	(15.4)	25.7	(14.6)	5.9
Repair and maintenance expenses	(18.4)	(13.5)	36.2	(11.3)	20.0
Provision for unused vacation	(3.0)	(4.7)	(35.6)	(5.1)	(7.4)
Other	(188.2)	(201.6)	(6.7)	(237.2)	(15)
Total	(2,057.2)	(1,770.7)	16.2	(1,557.7)	13.7

Note:

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

Personnel expenses. The Group's personnel expenses was TRL 946.2 million for the year ended 31 December 2020, as compared to TRL 761.9 million and TRL 610.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 24.2 per cent. (or TRL 184.3 million) in 2020 as compared to 2019, and an increase of 24.8 per cent. (or TRL 151.6 million) in 2019 as compared to 2018. The increases in 2020 and 2019 were principally due to salary increases in line with inflation.

Outsource expenses. Outsource expenses was TRL 440.2 million for the year ended 31 December 2020, as compared to TRL 388.4 million and TRL 428.0 million for the years ended 31 December 2019 and 2020, respectively, representing an increase of 13.3 per cent. (or TRL 51.8 million) in 2020 as compared to 2019, and a decrease of 9.3 per cent. (or TRL 39.6 million) in 2019 as compared to 2018. The increase in 2020 was principally due to royalty expenses. The decrease in 2019 was principally due to a decrease in consultancy expenses related to the merger with AB InBev in Russia and Ukraine in 2018.

Depreciation and amortisation expense. The Group's depreciation and amortisation expense was TRL 215.9 million for the year ended 31 December 2020, as compared to TRL 173.5 million and TRL 88.6 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 24.4 per cent. (or TRL 42.4 million) in 2020 as compared to 2019, and an increase of 95.7 per cent. (or TRL 84.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to the capitalisation of software and the currency translation impact resulting from the weakening of the Turkish Lira. The increase in 2019 is mainly due to the currency translation impact and the implementation of TRFS 16 which resulted in depreciation expenses being recognised with respect to the recognition of right use of assets.

Information technology expenses. The Group's information technology expenses were TRL 125.0 million for the year ended 31 December 2020, as compared to TRL 101.4 million for the years ended 31 December 2019 representing an increase of 23.2 per cent. (or TRL 23.6 million) in 2020 as compared to 2019. The Group's information technology expenses were TRL 101.4 million for the year ended 31 December 2019, as compared to TRL 50.4 million for the years ended 31 December 2018 representing an increase of 101.3 per cent. (or TRL 51 million) in 2019 as compared to 2018. The increases in 2020 and 2019 were principally due to digitalisation projects both in the Beer Group and Soft Drinks.

Taxation (other than on income) expenses. The Group's taxation (other than on income) expenses was TRL 39.1 million for the year ended 31 December 2020, as compared to TRL 47.9 million and TRL 57.8 million for the years ended 31 December 2019 and 2018, respectively, representing a decrease of 18.4 per cent. (or TRL 8.8 million) in 2020 as compared to 2019, and a decrease of 17.2 per cent. (or TRL 9.9 million) in 2019 as compared to 2018. The decreases in 2020 and 2019 were principally as a result of sales of land and plants as part of an idle asset sales programme.

Sales, Distribution and Marketing Expenses

The Group's sales, distribution and marketing expenses was TRL 5,210.1 million for the year ended 31 December 2020, as compared to TRL 4,908.6 million and TRL 3,957.8 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 6.1 per cent. (or TRL 301.5 million) in 2020 as compared to 2019, and an increase of 24.0 per cent. (or TRL 950.8 million) in 2019 as compared to 2018. The marginal increase in 2020 was primarily due to increases in transportation and distribution expenses as well as personnel expenses; however, the Group's cost saving initiatives resulted in lower increases in these expenses as well as in market expenses compared to previous years. The increase in 2019 was due to increased transportation and distribution expenses, personnel expenses and advertising, selling and marketing expenses.

The following table sets forth the breakdown of the Group's sales, distribution and marketing expenses for the years indicated:

	Year ended 31 December				
	2020	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
		(restated)		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Sales, Distribution and Marketing Expenses					
Transportation and distribution expenses	(1,802.3)	(1,667.3)	8.1	(1,197.4)	39.2
Advertising, selling and marketing expenses	(1,383.4)	(1,334.0)	3.7	(1,185.3)	12.5
Personnel expenses	(992.9)	(854.9)	16.1	(732.6)	16.7
Depreciation and amortisation expenses(1)	(613.1)	(564.2)	8.7	(450.3)	25.3
Repair and maintenance expenses	(58.6)	(56.7)	3.3	(49.9)	13.6
Utilities and communication expenses	(37.0)	(41.9)	(11.7)	(41.8)	0.4
Provision for retirement pay liability	(5.7)	(6.6)	(14.1)	(6.6)	0.2
Other expenses	(317.3)	(383.0)	(17.2)	(294.0)	30.3
Total	(5,210.1)	(4,908.6)	6.1	(3,957.8)	24.0

Note:

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

Transportation and distribution expenses. The Group's transportation and distribution expenses was TRL 1,802.3 million for the year ended 31 December 2020, as compared to TRL 1,667.3 million and TRL 1,197.4 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 8.1 per cent. (or TRL135 million) in 2020 as compared to 2019, and an increase of 39.2 per cent. (or TRL 469.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to the currency translation impact. The increase in 2019 was principally due to tariff growth and volume growth.

Advertising, selling and marketing expenses. The Group's advertising, selling and marketing expenses was TRL 1,383.4 million for the year ended 31 December 2020, as compared to TRL 1,334.0 million and TRL 1,185.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 3.7 per cent. (or TRL 49.4 million) in 2020 as compared to 2019, and an increase of 12.5 per cent. (or TRL148.7 million) in 2019 as compared to 2018. The marginal increase in 2020 was principally due to the impact of the currency translation impact which was largely offset by savings in advertising, selling and marketing expenses. The increase in 2019 was principally due to higher investment in brands and portfolio, including television, phone and electronic marketing in Russia.

Personnel expenses. The Group's personnel expenses was TRL 992.9 million for the year ended 31 December 2020, as compared to TRL 854.9 million and TRL 732.6 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 16.1 per cent. (or TRL 138 million) in 2020 as compared to 2019, and an increase of 16.7 per cent. (or TRL122.3 million) in 2019 as compared to 2018. The increases in 2020 and 2019 were principally due to increase in salaries in line with inflation despite an overall decrease in the average number of personnel due to synergies resulting from the merger with AB InBev in Russia and Ukraine.

Depreciation and amortisation expenses. The Group's depreciation and amortisation expenses was TRL 613.1 million for the year ended 31 December 2020, as compared to TRL 564.2 million and TRL 450.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 8.7 per cent. (or TRL 48.9 million) in 2020 as compared to 2019, and an increase of 25.3 per cent. (or TRL 113.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to investment in sales assets in Turkey and the currency translation impact resulting from the weakening of the Turkish Lira. The increase in 2019 was due to investment in sales assets in Turkey and the implementation of TRFS 16.

Other Income/(Expense) from Operating Activities

The Group's other income from operating activities was TRL 859.1 million for the year ended 31 December 2020, as compared to TRL 626.9 million and TRL 554.4 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 37.0 per cent. (or TRL 232.2 million) in 2020 as compared to 2019, and an increase of 13.1 per cent. (or TRL 72.5 million) in 2019 as compared to 2018.

The Group's other expense from operating activities was TRL 818.0 million for the year ended 31 December 2020, as compared to TRL 457.8 million and TRL 408.2 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 78.7 per cent. (or TRL 360.2 million) in 2020 as compared to 2019, and an increase of 12.1 per cent. (or TRL 49.5 million) in 2019 as compared to 2018.

The increase in net expense from other income/(expense) from operating activities in 2020 was mainly related to the increase in the net foreign exchange loss arising from operating activities related to related party payables mostly arising from royalties, and raw materials and capital expenditures that was mainly driven by the devaluation of the Russian Rouble. The increase in net other income from operating activities in 2019 was mainly related to the decrease in the net foreign exchange loss arising from operating activities and the increase in net other income, which were partially offset by the increase in administrative fines of TRL 70.2 million applied in Turkmenistan related to the validity of production licenses and certificates.

Profit from Operating Activities

As a result of the foregoing factors, the Group's profit from operating activities was TRL 2,717.2 million for the year ended 31 December 2020, as compared to TRL 2,246.2 million and TRL 1,363.0 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 21.0 per cent. (or TRL 471 million) in 2020 as compared to 2019, and an increase of 64.8 per cent. (or TRL 883.2 million) in 2019 as compared to 2018. Operating margin was 10.2 per cent. for the year ended 31 December 2020, as compared to 9.7 per cent. and 7.3 per cent. for the years ended 31 December 2019 and 2018, respectively.

Investment Activity Income

The Group's investment activity income was TRL 474.5 million for the year ended 31 December 2020, as compared to TRL 909.5 million and TRL 231.3 million for the years ended 31 December 2019 and 2018, respectively, representing a decrease of 47.8 per cent. (or TRL 435 million) in 2020 as compared to 2019, and an increase of 293.3 per cent. (or TRL 678.2 million) in 2019 as compared to 2018.

The decrease in 2020 was principally due to a reduction in the transfer of currency translation differences previously accounted for as other comprehensive income ("transfer of CTA") and the one-off sale of Merter/Istanbul idle brewery land in 2019. The increase in 2019 was principally due to higher transfer of CTA and the one-off sale of Merter/Istanbul idle brewery land.

Investment Activity Expenses

The Group's investment activity expenses was TRL 158.4 million for the year ended 31 December 2020, as compared to TRL 222.0 million and TRL 178.5 million for the years ended 31 December 2019 and 2018, respectively, representing a decrease of 28.6 per cent. (or TRL 63.6 million) in 2020 as compared to 2019, and an increase of 24.4 per cent. (or TRL 43.5 million) in 2019 as compared to 2018.

The decrease in 2020 was principally due to the reversal of the provision for impairment on property, plant and equipment and intangible assets, and a decrease in losses on the disposal of property, plant and equipment which were partially offset by losses on the sale of the Iraq put option valuation. The increase in 2019 was principally due to higher losses on the disposal of property, plant and equipment.

Loss from Associates

The Group's loss from associates was TRL 249.0 million for the year ended 31 December 2020, as compared to TRL 123.7 million and TRL 81.1 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 101.2 per cent. (or TRL 125.3 million) in 2020 as compared to 2019, and an increase of 52.6 per cent. (or TRL 42.6 million) in 2019 as compared to 2018. The increases in 2020 and in 2019 were due to increases in non-cash foreign exchange losses recorded by Anadolu Etap.

Finance Income

The Group's finance income was TRL 2,258.4 million for the year ended 31 December 2020, as compared to TRL 1,096.8 million and TRL 3,093.4 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 105.9 per cent. (or TRL 1,161.6 million) in 2020 as compared to 2019, and a decrease of 64.5 per cent. (or TRL 1,996.6 million) in 2019 as compared to 2018. The increase in 2020 was principally due to an increase in foreign exchange gains and an increase in gain on derivative transactions. The decrease in 2019 was principally due to lower foreign exchange gains.

Finance Expenses

The Group's finance expenses was TRL 2,975.7 million for the year ended 31 December 2020, as compared to TRL1,949.0 million and TRL 4,052.0 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 52.7 per cent. (or TRL 1,026.7 million) in 2020 as compared to 2019, and a decrease of 51.9 per cent. (or TRL 2,103 million) in 2019 as compared to 2018. The increase in 2020 was principally due to higher foreign exchange losses, higher interest and borrowing expense and higher loss in derivative transactions. The decrease in 2019 was principally due to lower foreign exchange losses which were partially offset by an increase in loss in derivative transactions.

Current Period Tax Expense

The Group's current period tax expense was TRL 610.3 million for the year ended 31 December 2020, as compared to TRL 411.6 million and TRL 261.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 48.3 per cent. (or TRL 198.7 million) in 2020 as compared to 2019, and an increase of 57.5 per cent. (or TRL 150.3 million) in 2019 as compared to 2018. The changes in tax expenses are directly related to the statutory taxable incomes of Group companies.

Deferred Tax Income

The Group's deferred tax income was TRL 0.2 million for the year ended 31 December 2020, as compared to tax expenses of TRL 240.7 million expense and TRL 15.9 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of TRL 240.9 million tax income in 2020 as compared to 2019 due to higher income and non-deductible expenses as well as the cancellation of deferred tax assets in 2019, and an increase of TRL 224.8 million tax expense in 2019 as compared to 2018 as a result of the aforementioned factors in 2019. The changes should be evaluated together with current tax expense and relate to taxable income.

Profit/(Loss) from Discontinued Operations

As a result of the termination of the Doğadan operation, the Group's loss for the period was TRL 4.0 million for the year ended 31 December 2020, as compared to TRL 3.0 million profit for the year ended 31 December 2019, representing a decrease of 231.9 per cent. (or TRL 7.0 million) in 2020 as compared to 2019.

Profit

As a result of the foregoing factors, the Group's profit for the period was TRL 1,452.9 million for the year ended 31 December 2020, as compared to TRL 1,308.6 million and TRL 98.9 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 11.0 per cent. (or TRL 144.3 million) in 2020 as compared to 2019, and an increase of 1,223.4 per cent. (or TRL 1,209.7 million) in 2019 as compared to 2018.

EBITDA (BNRI)

Set forth below is the Group's EBITDA (BNRI) on a consolidated basis and by segment for the years ended 31 December 2020, 2019 and 2018. EBITDA (BNRI) is a Non-TAS Measure and should not be considered as an alternative to the historical financial results or other indicators of the Group's performance based on Turkish Accounting Standards. See "*Presentation of Information—Non-TAS Measures*" for a definition of EBITDA (BNRI) and a reconciliation of EBITDA (BNRI) to the nearest TAS measure.

The Group's EBITDA (BNRI) was TRL 5,098.4 million for the year ended 31 December 2020, as compared to TRL 4,063.2 million and TRL 3,045.8 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 25.5 per cent. (or TRL 1,035 million) in 2020 as compared to 2019, and an increase of 33.4 per cent. (or TRL 1,017.4 million) in 2019 as compared to 2018. The increase in 2020 was principally due to cost optimisation initiatives resulting in savings in sales, marketing and transportation expenses. The increase in 2019 was principally due to robust operational performance in the international beer operations and Soft Drinks.

EBITDA (BNRI) margin was 19.1 per cent. for the year ended 31 December 2020, as compared to 17.6 per cent. and 16.3 per cent. for the years ended 31 December 2019 and 2018, respectively.

The following table sets forth the breakdown of the Group's EBITDA (BNRI) by segment for the years indicated:

	Year ended 31 December				
	2020	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**
	(restated)	*(restated)*		*(restated)*	
	(TRL millions)		*(%)*	*(TRL millions)*	*(%)*
Segment					
Beer Group[(1)]	1,961.4	1,784.4	9.9	1,175.3	51.8
Soft Drinks	3,136.8	2,278.8	37.7	1,870.5	21.8
Other and Eliminations[(1)]	0.2	(0.2)	(200.0)	-	-
Total	5,098.4	4,062.9	25.5	3,045.8	33.4

Note:

(1) As compared to the total amount presented as EBITDA, the measure used to assess segment performance, for International Beer and Turkey Beer in the Audited Consolidated Financial Statements, Beer Group EBITDA (BNRI) decreased by TRL 55.0 million due to the change in segment presentation, (2019: TRL 55.7 million, 2018: TRL 40.4 million), offset by an increase of TRL 4.7 million due to the change in the calculation of the measure used to assess segment performance to exclude the impact of non-recurring items (2019: TRL 12.1 million, 2018: 91 million). See "*Presentation of Information—Non-TAS Measures*" for further information on non-recurring items. Other and eliminations EBITDA (BNRI) increased by TRL 55.0 million as compared to the amount presented as the segment performance measure, EBITDA, in the Audited Consolidated Financial Statements (2019: TRL 55.7 million, 2018: TRL 40.4 million), due to the change in segment presentation.

Beer Group. The Beer Group's EBITDA (BNRI) was TRL 1,961.4 million for the year ended 31 December 2020, as compared to TRL 1,784.4 million and TRL 1,175.3 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 9.9 per cent. (or TRL 177 million) in 2020 as compared to 2019, and an increase of 51.8 per cent. (or TRL 609.1 million) in 2019 as compared to 2018. The increase in 2020 was principally due to increased profitability in the international beer operations. The Beer Group's EBITDA (BNRI) from its international beer operations was TRL 1,635.4 million for the year ended 31 December 2020, as compared to TRL 1,432.7 million and TRL 818.8 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 14.1 per cent. (or TRL 202.7 million) in 2020 as compared to 2019, and an increase of 75.0 per cent. (or TRL 613.9 million) in 2019 as compared to 2018. The increase in 2020 was principally due to significant savings in operating expenses, particularly marketing and general administrative expenses. The increase in 2019 was principally due to synergies from the merger with AB InBev in Russia and Ukraine resulting in a decrease in operating expenses as well as savings in general administrative expenses. The Group's EBITDA (BNRI) from the Turkey Beer segment was TRL 381.0 million for the year ended 31 December 2020, as compared to TRL 407.3 million and TRL 396.5 million for the years ended 31 December 2019 and 2018, respectively, representing a decrease of 6.4 per cent. (or TRL 26.2 million) in 2020 as compared to 2019, and an increase of 2.7 per cent. (or TRL 10.7 million) in 2019 as compared to 2018. The decrease in 2020 was mainly due to volume shortfall and accelerated sales and marketing expenses in the last quarter of 2020 related to the launch of the +1 offering. The decrease was partially offset through cost management and savings in operating expenses. The increase in 2019 was mainly driven by the increase in gross profit, which was marginally reduced by higher selling and marketing expenses due to investments in brands and portfolio and the impact of TAS 16 from 1 January 2019.

Soft Drinks. The Group's EBITDA (BNRI) from Soft Drinks was TRL 3,136.8 million for the year ended 31 December 2020, as compared to TRL 2,278.8 million and TRL 1,870.5 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 37.7 per cent. (or TRL 858 million) in 2020, as compared to 2019, and an increase of 21.8 per cent. (or TRL 408.3 million) in 2019, as compared to 2018. The increase in 2020 was due to strict cost management, including cuts in direct marketing expenses. The increase in 2019 was principally due to revenue growth.

Liquidity and Capital Resources

The Group's liquidity needs arise principally from funding its growth strategies and related investments and capital expenditures. In the periods under review, the Group has met most of its liquidity needs through its operating cash flows and cash and borrowings from qualified credit institutions.

The Group's capital allocation priorities are to maximise organic growth by investing in its brands, markets and capacity, maintain a healthy balance sheet with a Net Financial Debt to EBITDA (BNRI) ratio of 1.0x to 2.0x, maximise shareholder value through a dividend pay-out ratio of at least 40 per cent. and invest in inorganic growth.

CCİ, which is listed on the Borsa İstanbul, is an independent business from the Group's beer operations. There is no shared management and CCİ is responsible for meeting its own capital expenditure and other working capital needs through its own cash flows and borrowings. As of 31 March 2021, there were no intercompany loans to CCI and management does not currently anticipate providing any such loans.

The Group had cash and cash equivalents of TRL 7,801.4 million as at 31 March 2021. Management is of the opinion that taking into account the Group's current banking facilities and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements for at least the next 12 months following the date of publication of this Prospectus.

Cash Flows

The following table sets out a summary of the Group's cash flows for the periods indicated:

	Three months ended 31 March		**Year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
			(TRL millions)		
Cash flow from/(used in) operating activities..	352.8	(563.6)	4,956.9	4,157.1	2,818.2
Cash flows used in investing activities	(434.6)	(448.6)	(1,515.0)	(1,526.2)	(1,372.8)
Cash flows from/(used in) financing activities	(856.1)	98.7	(1,113.8)	(1,489.2)	(4,116.0)
Effect of currency translation differences on cash and cash equivalents	225.1	186.8	383.9	(102.0)	2,027.7
Net (decrease)/increase in cash and cash equivalents...	(712.7)	(726.6)	2,712.0	1,039.8	(642.8)
Cash and cash equivalents at the beginning of the period...	8,508.1	5,796.1	5,796.1	4,756.4	5,399.2
Cash and cash equivalents at the end of the period..	7,795.4	5,069.5	8,508.1	5,796.1	4,756.4

Cash flow from operating activities

The Group's cash flow from operating activities was TRL 352.8 million for the three months ended 31 March 2021, as compared to cash flow used in operating activities of TRL 563.6 million for the three months ended 31 March 2020, representing an increase of 162.6 per cent. (or TRL 916.4 million). This increase primarily reflects a reduction in cash outflow due to change in working capital to TRL 413.2 million for the three months ended 31 March 2021 from TRL 851.9 million for the three months ended 31 March 2020, which was partially offset by a reduction in net profit after cash flow adjustment. Change in working capital for the three months ended 31 March 2021 was lower than the change for the three months ended 31 March 2020 primarily due to significant growth in increase in trade payables and other operating payables which was partially offset by an increase in trade receivables.

The Group's cash flow from operating activities was TRL 4,956.9 million for the year ended 31 December 2020, as compared to TRL 4,157.1 million for the year ended 31 December 2019, representing an increase of 19.2 per cent. (or TRL 799.8 million). This increase primarily reflects an increase net profit after cash flow adjustment of TRL 1,141.8 million, which was partially offset by a reduction in change in working capital of TRL 309.9 million. Change in working capital for the year ended 31 December 2020 was lower than the change for the year ended 31 December 2019 primarily due to a reduction in the increase in trade accounts payable to TRL 836.1 million for the year ended 31 December 2020 from TRL 1,610.7 million for the year ended 31 December 2019.

The Group's cash flow from operating activities was TRL 4,157.1 million for the year ended 31 December 2019, as compared to TRL 2,818.2 million for the year ended 31 December 2018, representing an increase of 47.5 per cent. (or TRL 1,338.9 million). This increase primarily reflects an increase in net profit after cash flow adjustment of TRL 936.5 million and an increase in change in working capital to TRL 824.8 million for the year ended 31 December 2019 compared to TRL 150.6 million for the year ended 31 December 2018. Change in working capital increased primarily due to the increase in trade accounts payable of TRL 1,610.7 million for the year ended 31 December 2019, compared to an increase of TRL 982.4 million for the year ended 31 December 2018, and a reduction in the increase in trade accounts receivable to TRL 337.5 million for the year ended 31 December 2019 from TRL 651.3 million for the year ended 31 December 2018. Adjustments to profit decreased to TRL 2,551.4 million for the year ended 31 December 2019 from TRL 2,808.4 million for the year ended 31 December 2018 primarily reflecting higher foreign exchange gains of TRL 636.1 million for the year ended 31 December 2019, which were partially offset by a lower adjustment for depreciation and amortisation expense of TRL 1,496.7 million for the year ended 31 December 2018 compared to TRL 1,743.2 million for the year ended 31 December 2019.

Cash flows used in investing activities

The Group's cash flows used in investing activities was TRL 434.6 million for the three months ended 31 March 2021 as compared to TRL 448.6 million for the three months ended 31 March 2020. Cash flows used in investing activities for the three months ended 31 March 2021 principally reflects a cash outflow from the purchase of tangible and intangible assets of TRL 525.8 million, which was partially offset by a cash inflow from sale of tangible and intangible assets of TRL 91.2 million. Cash flows used in investing activities for the three months ended 31 March 2020 principally reflects cash outflow from purchase of tangible and intangible assets of TRL 348.1 million, capital increase in investment associates of TRL 126.4 million which was partially offset by cash inflow from the sale of tangible and intangible assets of TRL 26.0 million.

The Group's cash flows used in investing activities was TRL 1,515.0 million for the year ended 31 December 2020, as compared to TRL 1,526.2 million for the year ended 31 December 2019 and TRL 1,372.8 million for the year ended 31 December 2018.

In the year ended 31 December 2020, cash flows used in investing activities principally reflected TRL 1,745.8 million for the purchase of property, plant and equipment and intangible assets, which mainly related to machinery and equipment and other tangible assets, and TRL 126.4 million for the capital increase at Anadolu Etap that increased the Company's shareholding in Anadolu Etap from 71.70 per cent. to 76.22 per cent. This was partially offset by TRL 357.2 million in proceeds from the sale of property, plant and equipment related to the idle asset sale programme, including land and plants in Russia and Turkey.

In the year ended 31 December 2019, cash flows used in investing activities principally reflected TRL 1,823 million for the purchase of property, plant and equipment and intangible assets, which mainly related to machinery and equipment and other tangible assets, and TRL 114.2 million following a capital increase at and the Group's purchase of shares in Anadolu Etap as a result of which the Company's shareholding in Anadolu Etap increased from 39.70 per cent. to 71.70 per cent. This was partially offset by TRL 411.1 million in proceeds from the sale of property, plant and equipment related to the idle asset sale programme, including land and plants in Turkey.

In the year ended 31 December 2018, cash flows used in investing activities principally reflected TRL 1,610.2 million for the purchase of property, plant and equipment and intangible assets, principally related to machinery and equipment and other tangible assets. These expenditures were partially offset by TRL 105.9 million in proceeds from the sale of property, plant and equipment and the capital increase in Anadolu Etap.

Cash flows from/(used in) financing activities

The Group's cash flows used in financing activities was TRL 856.1 million for the three months ended 31 March 2021, as compared to cash flows from financing activities of TRL 98.7 million for the three months ended 31 March 2020. Cash flows used in financing activities for the three months ended 31 March 2021 principally reflects cash outflow from repayment of borrowings of TRL 1,385.9 million, dividends paid of TRL 720.5 million and interest paid of TRL 199.5 million, partially offset by TRL 1,336.7 million of cash inflows from the proceeds from borrowings. Cash flows from financing activities for the three months ended 31 March 2020 principally reflects cash outflows from the repayment of borrowings of TRL 2,337.3 million and change in time deposits with maturity of more than three months of TRL 326.6 million, which were partially offset by cash inflow from borrowings of TRL 2,859.0 million.

The Group's cash flows used in financing activities was TRL 1,113.8 million for the year ended 31 December 2020 as compared to TRL 1,489.2 million for the year ended 31 December 2019 and TRL 4,116.0 million for the year ended 31 December 2018.

In the year ended 31 December 2020, cash flows used in financing activities principally reflected repayments of borrowings of TRL 5,818.3 million, interest paid on borrowings of TRL 634.4 million and dividends paid of TRL 604.3 million. This was partially offset by proceeds from borrowings of TRL 5,493.1 million, income from cash flow hedges and change in time deposits with a maturity of more than three months of TRL 371.9 million and interest received of TRL 269.8 million.

In the year ended 31 December 2019, cash flows used in financing activities principally reflected repayments of borrowings of TRL 2,662.2 million, interest paid on borrowings of TRL 531.1 million and dividends paid of TRL 450.1 million as well as losses from cash flow hedges and change in time deposits with a maturity of more than three months of TRL 394.3 million. This was partially offset by proceeds from borrowings of TRL 2,427.1 million and interest payments received of TRL 257.7 million.

In the year ended 31 December 2018, cash flows used in financing activities principally reflected repayments of borrowings of TRL 4,807.6 million, interest paid on borrowings of TRL 552.7 million and dividends paid of TRL 382.5 million as well as losses from cash flow hedges of TRL 224.6 million. This was partially offset by proceeds from borrowings of TRL 1,491.7 million, interest received of TRL 292.3 million and change in time deposits with a maturity of more than three months of TRL 67.4 million.

Borrowings

As at 31 March 2021, the Group's outstanding total bank loans and issued debt instruments were TRL 13,030.5 million including TRL 3,255.5 million in current banks loans and issued debt instruments. The following table sets forth information about certain of the Group's consolidated material long-term banks loans and issued debt instruments as at the dates indicated:

	Date of signature	Duration	Outstanding Principal Amount of Loan (as at 31 March 2021)	Amount due through 31 March 2022	Amount due after 31 March 2022	Total
		(months)			*(TRL millions)*	
Anadolu Efes – Eurobond	1.11.2012	120	US$500,000,000	0	4,170.4	4,170.6
Anadolu Efes –TEB	23.12.2019	35	TRL319,000,000	0	319.000	319.000
ABIE Russia – Commerzbank	27.09.2019	37	RUR3,900,000,000	285.950	142.975	428.925
CCI Turkey – Eurobond	19.9.2017	84	US$500,000,000	0	4,170.4	4,170.4
CCI Turkey – USPP Tranche 3	30.05.2013	120	US$120,000,000	0	1,000.9	1,000.9
CCI Kazakhstan – Sberbank	03.09.2020	36	KZT10,000,000,000	71.4	124.8	196.2
CCI Tajikistan – EBRD	17.07.2017	84	EUR44,670,000	73.3	269.7	343.0
CCI Turkmenistan – EBRD	20.08.2019	60	US$5,000,000	13.3	25.0	38.3
CCI Pakistan – IFC	21.12.2016	96	EUR50,000,000	75.2	225.6	300.8

Note:

(1) The table does not include a EUR102,900,000 loan from the EBRD to Anadolu Etap because the Group does not consolidate the results of Anadolu Etap. For more information on the loan, see "—*Project Completion Guarantee for Anadolu Etap's EBRD Loan*" below.

The Group's Turkish Lira-denominated loans have fixed interest rates ranging from 11.71 per cent. to 11.81 per cent. The Group's US Dollar-denominated loans have fixed interest rates ranging from 3 per cent. to 4.07 per cent. and floating interest rates of LIBOR plus 2.5 per cent. The Group's Euro-denominated loans have fixed interest rates of 1.35 per cent. and floating interest rates ranging from EURIBOR plus 2.16 per cent. to EURIBOR 2.27 per cent. The Group's loans in currencies other than Turkish Lira, US Dollar or Euro have fixed interest rates ranging from 6.87 per cent. to 7.13 per cent. and floating interest rates of KIBOR plus 0.22 per cent. The Group's leasing agreements have fixed interest rates.

The following table sets forth the Group's gross indebtedness for the periods indicated. The table includes Gross Financial Debt which is a non-TAS measure. See "*Presentation of Financial Information—Non-TAS Measures*" for a definition of Gross Financial Debt and a reconciliation of Gross Financial Debt to the nearest TAS measure.

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
		(TRL millions)		
Current borrowings	2,626.9	2,327.7	757.5	830.7
Current portion of long term borrowings	726.3	656.8	1,539.1	1,524.4
Current financial debts	3,353.2	2,984.5	2,296.5	2,355.1
Long-term borrowings	10,028.5	9,180.1	8,253.5	6,873.6
Non-current financial debts	10,028.5	9,180.1	8,253.5	6,873.6
Total Gross Financial Debt	13,381.7	12,164.6	10,550.0	9,228.7

The majority of the Group's current financial debt is mainly in the form of long-term loans, which amounted to TRL 9,774.9 million as at 31 March 2021.

As at 31 March 2021, the Beer Group had Gross Financial Debt of TRL 7,105.0 million and cash and cash equivalents of TRL 3,184.5 million. As at the same date, Soft Drinks had Gross Financial Debt of TRL 6,276.7 million, cash and cash equivalents of 4,616.9 million and financial investments of TRL 6.8 million.

Capital Expenditures

Capital expenditures is comprised of cash outflows arising from purchase of property, plant, equipment and intangible assets. In the three months ended 31 March 2021 and each of the years ended 31 December 2020, 2019 and 2018, the Group incurred total capital expenditure of TRL 525.8 million, TRL 1,745.8 million, TRL 1,823.0 million and TRL 1,610.2 million, respectively.

The Beer Group had capital expenditure of TRL 229.6 million for the three months ended 31 March 2021 and capital expenditure of TRL 1,079.8 million, TRL 1,057.6 million and TRL 753.5 million in the years ended 31 December 2020, 2019 and 2018, respectively. For the year ended 31 December 2020, 46 per cent. of the Beer Group's total capital expenditure was technical capital expenditure, 22 per cent. was marketing and sales capital expenditure, 21 per cent. was packaging capital expenditure and 11 per cent. was other capital expenditure under the accrual basis. For the year ended 31 December 2019, 39 per cent. of the Beer Group's total capital expenditure was technical capital expenditure, 29 per cent. was marketing and sales capital expenditure, 24 per cent. was packaging capital expenditure and 8 per cent. was other capital expenditure under the accrual basis. For the year ended 31 December 2018, 32 per cent. of the Beer Group's total capital expenditure was technical capital expenditure, 33 per cent. was marketing and sales capital expenditure, 25 per cent. was packaging capital expenditure and 10 per cent. was other capital expenditure under the accrual basis.

CCI had capital expenditure of TRL 296.2 million for the three months ended 31 March 2021 and capital expenditure of TRL 666.1 million, TRL 766.0 million and TRL 857.6 million in the years ended 31 December 2020, 2019 and 2018, respectively. The reduction in capital expenditure in the year ended 31 December 2020 resulted from the capital expenditure savings initiatives that the Group implemented in response to the COVID-19 pandemic.

During the periods under review, the Group's principal investments related primarily to machinery and equipment and other tangible assets such as coolers, returnable bottles and returnable kegs. The historical capital expenditure figure includes the Group's share of 50.3% of CCI's capital expenditures over the period. As CCI is an independent business from the Group's beer operations, CCI is responsible for meeting its own capital expenditure and other working capital needs through its own cash flows and borrowings.

Based on its current plans, the Group's management expects that capital expenditure as a percentage of sales will be in the high single digits on a consolidated basis in line with the Group's normal capital expenditure pattern. Capital expenditure in the short and medium-term will principally relate to machinery and equipment and other tangible assets such as coolers, returnable bottles and returnable kegs. Such expenditures relate only to the Group's beer operations. As noted above, CCI is responsible for meeting its own capital expenditure and other working capital needs.

The Group's actual capital expenditures may vary significantly from its estimates and depend on a variety of factors, including market conditions, levels of demand for the Group's products, the availability of funding, operating cash flow and other factors fully or partially outside the Group's control.

Contractual Obligations and Commitments

The table below sets forth the amount of the Group's contractual obligations and commitments as at 31 March 2021 based on contractual undiscounted payments:

	Total	Less than 3 months	3-12 months	1-5 years	More than 5 years
			(TRL millions)		
Loans and borrowings	13,592.2	2,557.9	1,539.9	9,494.3	—
Leases	379.3	18.2	51.8	194.4	114.9
Put Option	376.4	—	376.4	—	—
Total	14,347.9	2,576.1	1,968.1	9,688.7	114.9

As at 31 March 2021, the Company had TRL 2,290.1 million in guarantees, pledges and mortgages given in favour of the Company and its fully consolidated subsidiaries.

Related Party Transactions

The Group engages in related party transactions with AB InBev Harmony Ltd. group companies, group companies of Migros Ticaret A.Ş. ("Migros"), a subsidiary of AG Anadolu Grubu Holding A.Ş., Anadolu Efes Spor Kulübü, AG Anadolu Grubu Holding A.Ş. and Oyex Handels GmbH ("Oyex"), a subsidiary of AG Anadolu Grubu Holding A.Ş. The transactions between the Group and affiliates of AB InBev Harmony Ltd. consist of licensing fees for the distribution and sale of each group's products. The Group sells beer to Migros group companies. Anadolu Efes Spor Kulübü is the Group's professional basketball team in Turkey. Transactions between the Group and Anadolu Efes Spor Kulübü consist of the Group licensing use of the "Anadolu Efes" name and providing support services to Anadolu Efes Spor Kulübü. The Group receives central support services from AG Anadolu Grubu Holding A.Ş., including, but not limited to, management, audit, legal, reporting, corporate finance and corporate communication services. The Group purchases hops and miscellaneous materials from Oyex.

For more information on the Group's related party transactions, see Note 25 to the Q1 2021 Reviewed Interim Financial Statements and Note 32 to the 2020 Audited Consolidated Financial Statements.

Quantitative and Qualitative Disclosures about Market Risk

The Group has exposure to interest rate risk, foreign currency risk, liquidity risk, price risk and credit risk. The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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 maximise shareholder value. The Company periodically measures its net financial debt to EBITDA (BNRI) ratio to maintain capital risk management. Net financial debt is calculated by deducting cash and cash equivalents over three months from total borrowings. The Group's related risk policies can be summarised as follows:

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on its interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rates on assets and liabilities or derivative financial instruments. The Group manages interest rate risk arising from interest rate fluctuations on international markets by using interest rate swap agreements. As of December 31, 2020, there were no outstanding IRS agreements (31 December 2019: US$43 million; 31 December 2018: US$43 million). Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s debt obligations. See Note 33 a) to the 2020 Audited Consolidated Financial Statements for further information about the Group's sensitivity to interest rates, including a breakdown of the amount of instruments held by the Group with fixed and floating rates.

Foreign Currency Risk

Foreign currency risk generally arises from the US Dollar and Euro 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 parts of its bank deposits for future raw material purchases, operational expenses and interest related payments. The Group’s foreign currency liability mainly consists of long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuations of foreign currencies is relatively limited.

The Group’s exposure to foreign currency risk for the periods indicated is set forth in the table below:

	USD-denominated 2020	EUR-denominated 2020	Other-denominated 2020	USD-denominated 2019	EUR-denominated 2019	Other-denominated 2019	USD-denominated 2018	EUR-denominated 2018	Other-denominated 2018
					(TRL millions)				
Current assets	3,446.4	307.3	59.8	2,091.5	156.0	31.0	1,589.0	196.3	83.1
Non-current assets	3.5	0.3	—	—	—	—	—	3.4	—
Total assets	3,449.9	307.6	59.8	2,091.5	156.0	31.0	1,589.0	199.7	83.1
Current liabilities	(1,087.7)	(965.3)	(56.)2	(1,415.7)	(862.9)	(46.2)	(1,038.3)	(1,362.0)	(24.3
Non-current liabilities	(7,137.1)	(507.0)	—	(5,982.7)	(810.7)	—	(6,032.3)	(569.6)	—
Total liabilities	(8,224.8)	(1,472.3)	(56.2)	(7,398.5)	(1,673.6)	(46.2)	(7,070.5)	(1,931.6)	(24.3)
Net asset/(liability)	1,239.4	(1,164.8)	3.6	(666.0)	(1,185.0)	(15.2)	(1,371.3)	(1,129.1)	58.7
Monetary Items Net Foreign Currency Asset/(Liability)	(4,447.2)	(1,170.4)	3.5	(5,438.1)	(1,558.1)	(15.2)	(5,273.0)	(1,766.0)	58.7
Total hedged assets	6,014.2	—	—	4,461.0	332.5	—	4,110.2	602.8	—
Total hedged liabilities	—	—	—	—	—	—	—	—	—
Net exposure	1,567.0	(1,170.4)	3.5	(797.1)	(1,225.6)	(15.2)	(1,162.8)	(1,163.2)	58.7

The following table sets out the sensitivity analysis of foreign currency as at the dates indicated.

	Income/Loss
31 December 2020	
Net effect of 10% increase in US Dollar (*US$*)	156.7
Net effect of 10% increase in Euros (*€*)	(117.0)
31 December 2019	
Net effect of 10% increase in US Dollar (*US$*)	(79.7)
Net effect of 10% increase in Euros (*€*)	(122.6)
31 December 2018	
Net effect of 10% increase in US Dollar (*US$*)	(116.3)
Net effect of 10% increase in Euros (*€*)	(116.3)

A weakening of the Turkish Lira against the above currencies as at the dates indicated would have had the equal, but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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. For information about the contractual maturities of the Group's financial liabilities and other contractual obligations and commitments as at 31 December 2020, see Note 33 d) to the 2020 Audited Consolidated Financial Statements.

Price Risk

Price risk 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.

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 a direct debit system. The Group also obtains guarantees from the customers when appropriate and keeps a considerable portion of the receivables under guarantee.

The Group's maximum exposure to credit risk was TRL 11,511.7 million as at 31 December 2020, TRL 9,021.8 million as at 31 December 2019 and TRL 7,233.8 million as at 31 December 2018. For more detail about the Group's maximum exposure to credit risk, see Note 33 f) of the 2020 Audited Consolidated Financial Statements

The aging of the Group's trade receivables as at the dates indicated was:

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
		(TRL millions)	
Past due 1-30 days	411.1	82.9	70.2
Past due 1-3 months	35.7	14.3	34.1
Past due 3-12 months	3.8	3.7	6.8
Past due more than 1 year	16.0	15.3	5.6
Total	466.7	116.2	116.7

Critical Accounting Policies

The Company has identified the accounting policies discussed below as critical to the Group's business and results of operations. The following accounting policies are both important to the portrayal of the Group's reported amounts of expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date and require the Company's management's most subjective or complex judgments, often as a result of the need to estimate the effects of matters that are inherently uncertain. The Company's management bases its estimates and assumptions on historical experience, where applicable and other factors believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The Company and its management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions.

- Expected credit loss is recognised 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.

- During the assessment of the reserve for inventory allowance the following are considered; analysing 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.

- 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 31 December 2020, 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 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, GDP *per capita* and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data. The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors.

- 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.
- The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates.
- 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 31 December 2020, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded.
- The management of Soft Drink operations management has made significant assumptions based on the expertise of its technical departments in determining the useful life of spare parts for machinery and equipment. The Group made changes in its useful life estimates in 2020 and reduced the related useful life estimate for spare parts of soft drink operations from 20 years to 10 years.
- The Group accounts its returnable bottles liabilities under other payables within the framework of the accounting policies. The Group accounts its liabilities related to the part of current returnable bottles available in the market that expected to return in the future periods under other liabilities based on its estimates and assumptions.

Expected Credit Loss

Expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on the Group's future estimates and experience over past years. For information, see Note 10 of the 2020 Audited Consolidated Financial Statements.

Reserves for Inventory Obsolescence

During the assessment of the reserve for inventory obsolescence, the Group analyses its inventories physically and historically, and considers the employment and usefulness of its inventories having regard to the views of its technical personnel. The listed sales prices, average discount rates given for sale and the expected cost incurred to sell the inventory are used to determine the net realisable value of the inventories. For information on the Group's reserve for inventory obsolescence as at 31 December 2020, see Note 26 of the 2020 Audited Consolidated Financial Statements.

Impairment

The Group performs impairment tests for tangible assets, intangible assets with an indefinite useful life, deferred tax assets and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of 31 December 2020, the impairment test for intangible assets with an indefinite useful life and goodwill was generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use. In these calculations, estimated free cash flows before tax from financial budgets covering a three-year period and approved by the Board of Directors are used. Approved free cash flows before interest are calculated for a ten year period by using expected growth rates. Estimated free cash flows before interest are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product *per capita* and consumer price indices are derived from external sources.

Other key estimates such as raw material and goods prices, working capital requirements and capital expenditures are 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. The perpetuity growth rate used in in the impairment test in the operating units in the 2020 Audited Consolidated Financial Statements is between 4.00 per cent. – 15.07 per cent. (2019: 3.00 per cent. – 15.10 per cent.) (2018: 4.7 per cent. – 13.0 per cent.) and after tax discount rate was between 9.28 per cent. and 24.80 per cent. (2019: 8.46 per cent. – 26.7 per cent.) (2018: 10.8 per cent – 25.9 per cent.).

Liability for Put Options

The liability for the put options has been measured by applying a weighting of different valuation techniques and assumptions and is presented in "other current liabilities" in the consolidated balance sheet based on their remaining maturities. For information on the put options, see Note 21 of the 2020 Audited Consolidated Financial Statements and *"—Contractual Obligations and Commitments"*.

Discount Rates Related to Retirement Pay

The discount rates related to retirement pay liability are actuarial assumptions determined in connection with expected future salary increases and employee turnover rates. For information on the Group's employee benefit obligations, see Note 20 of the 2020 Audited Consolidated Financial Statements.

Deferred Tax Asset

A deferred tax asset is only recorded if it is probable that taxable income will be realised in the future. Where it is expected that taxable income will be realised 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 31 December 2020, management believed that the estimations made to indicate that the Company will incur taxable profits in future periods were reasonable and a deferred tax asset was recorded. For information on the Group's deferred tax assets and liabilities, see Note 29 of the 2020 Audited Consolidated Financial Statements.

Useful Life of Spare Parts

The management of Soft Drink Operations has made significant assumptions based on the expertise of its technical departments in determining the useful life of spare parts for machinery and equipment. The Group made changes in its useful life estimates in 2020 and reduced the related useful life estimate of spare parts of soft drink operations from 20 years to 10 years. For more information, see Note 16 of the 2020 Audited Consolidated Financial Statements.

Returnable Bottle Liabilities

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

New Accounting Standards

Certain new standards, amendments and interpretations have been published were not yet effective as of 31 December 2020 and were not applied in preparing the 2020 Audited Consolidated Financial Statements and the Q1 2021 Reviewed Interim Financial Statements. For information on these new accounting pronouncements that may impact the Group's operations, see Note 2.4 to the 2020 Audited Consolidated Financial Statements and Note 2.6 to the Q1 2021 Reviewed Interim Financial Statements included elsewhere in this Prospectus.

Description of Certain Indebtedness

The following summary of certain provisions of the Group's material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by, references to the underlying documents.

Anadolu Efes – Eurobond

On 23 October 2012, the Company issued US$500 million in 3.375% Notes due 2022. Interest is payable on the notes semi-annually, and the notes are listed on the Irish Stock Exchange. The Notes do not contain any material financial covenants.

Anadolu Efes – TEB Loan

On 23 December 2019, Anadolu Efes, as borrower, and Türk Ekonomi Bankası A.Ş., as lender, entered into a bilateral loan agreement (''TEB Loan'') which provides for financing of TRL 319,000,000 with a duration of three years. The interest rate under the TEB Loan is fixed. The TEB loan matures on 1 November 2022. The TEB loan contains customary undertakings and representations and warranties for facilities of this type. Obligations under the TEB Loan are not guaranteed or secured. The TEB loan is governed by Turkish Law.

ABIE Russia – Commerzbank Loan

On 27 September 2019, AB InBev Efes JSC, as borrower, and Commerzbank (Eurasija), as lender, entered into a bilateral amortising loan agreement (the "Commerzbank Loan''), which provides for financing of RUR6,500,000,000 with a duration of 36 months. The principal of the loan is subject to half-yearly payments in five equal instalments of amounts equal to RUR1,300,000,000. As of 31 March 2021, the outstanding loan amount is RUR3,900,000,000. The interest rate under the Commerzbank Loan is fixed. The Commerzbank loan matures on 27 September 2022 and is governed by Russian Law.

CCI – Eurobond

On 19 September 2017, the Company issued US$500 million in 4.215% Notes due 2024. Interest is payable on the notes semi-annually, and the notes are listed on the Irish Stock Exchange. The Notes do not contain any material financial covenants.

CCI – US Private Placement Notes

On 30 May 2013, CCI, as borrower, and 17 qualified institutional buyers, as buyers, entered into a note purchase agreement (the ''USPP''). The USPP provides for financing in three different tranches with separate maturities and interest rates:

- US$100,000,000 3.42 per cent. Series A Senior Notes due 30 May 2018;
- US$80,000,000 3.85 per cent. Series B Senior Notes due 30 May 2020; and
- US$120,000,000 4.44 per cent. Series C Senior Notes due 30 May 2023.

The Series A and Series B notes were fully repaid on their maturity dates in May 2018 and 2020, respectively.

The USPP requires mandatory prepayment by CCI in certain circumstances, which include an event of default, change in control of CCI or change in US economic sanctions resulting in a violation of such sanctions by note holders.

CCI has made no prepayments under the USPP as at the date of this Prospectus.

The USPP contains undertakings, representations and warranties common to agreements of this type and includes customary financial covenants such as maintaining certain consolidated net financial debt to consolidated EBITDA and consolidated EBIT to consolidated net finance charges ratios.

The USPP contains customary events of default.

In addition, an event of default will occur if (i) TCCC exercises its right to terminate any bottling contract with respect to activities in Turkey, or (ii) any bottling contract with respect to activities in Turkey has expired or terminated on its own terms, where TCCC has ceased to continue normal trading activities in Turkey with CCI and/or its Turkish subsidiaries, and such is reasonably expected to have a material adverse effect on CCI's business.

Certain subsidiaries of CCI can become a guarantor in respect of CCI's obligations under the USPP Notes. As at the date of this Prospectus, there were no subsidiary guarantors. CCI's obligations under the USPP are unsecured, and its payment obligations rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated financial indebtedness of CCI.

CCI Kazakhstan – Sberbank

In September 2020, CCI Kazakhstan, as borrower, and SB Sberbank JSC, as lender, entered into a loan agreement (the "Sberbank Loan"). The Sberbank Loan provides for financing of KZT 10,000,000.00 in two tranches which both mature on 1 September 2023. The interest rates are fixed and includes a government subsidy. Sberbank Loan is governed by Kazakh Law. Obligations under Sberbank Loan are guaranteed by CCI.

CCI Tajikistan – EBRD

On 6 August 2015, CCI Tajikistan, as borrower, and European Bank for Restructuring and Development, as lender, entered into a loan agreement (the ''Tajikistan EBRD Loan''). The Tajikistan EBRD loan was restructured on 17 July 2017 and final maturity was extended for another seven years. The Tajikistan EBRD Loan provides for financing of up to EUR 44,670,000. The Tajikistan EBRD Loan matures on 17 July 2024. The interest rate under the Tajikistan EBRD Loan is EURIBOR plus a fixed margin. The Tajikistan EBRD Loan contains undertakings and representations and warranties common to facilities of this type and includes customary affirmative and financial covenants. The Tajikistan EBRD Loan is governed by English Law. Obligations under the Tajikistan EBRD Loan are guaranteed by CCI.

CCI Turkmenistan – EBRD

On 20 August 2019, CCI Turkmenistan, as borrower, and the European Bank for Restructuring and Development, as lender, entered into a loan agreement (the ''Turkmenistan EBRD Loan''). The Turkmenistan EBRD Loan provides for financing of USD 5,000,000.00 in several tranches all maturing on 17 August 2024. The interest rate under the Turkmenistan EBRD Loan is LIBOR plus a fixed margin. The Turkmenistan EBRD Loan is governed by English Law. Obligations under the Turkmenistan EBRD Loan are guaranteed by CCI.

CCI Pakistan – IFC

In December 2016, CCI Pakistan, as borrower, and the International Finance Corporation, as the lender, entered into a loan agreement (the ''IFC Loan''). The IFC Loan provides for financing of up to EUR 50,000,000. The IFC Loan matures on 16 December 2024. The interest rate under the IFC Loan is EURIBOR plus a fixed margin. The IFC Loan contains undertakings and representations and warranties common to facilities of this type and includes affirmative and financial covenants. The IFC Loan is governed by English law. Obligations under the IFC Loan are guaranteed by CCI and TCCC equally.

Project Completion Guarantee for Anadolu Etap's EBRD Loan

On 1 July 2016, Anadolu Etap, as borrower, and the European Bank for Restructuring and Development, as lender, entered into a loan agreement (the ''Anadolu Etap EBRD Loan''). The agreement was amended on 31

December 2019 to restructure the existing outstanding amount of EUR 42.9 million and the maturity was extended for another six years to 2026. Under the amended agreement, the European Bank for Restructuring and Development and the Dutch Entrepreneurial Development Bank agreed to lend Anadolu Etap an additional loan of an amount of up to EUR 60 million. In total, the Anadolu Etap EBRD Loan provides for financing of up to EUR 102.9 million. The Anadolu Etap EBRD Loan contains undertakings, representations and warranties common to facilities of this type and includes customary affirmative and financial covenants. The Company has given a project completion guarantee for Anadolu Etap's payment obligations under the loan agreement. The guarantee given by the Company is limited to the Company's shareholding in Anadolu Etap as determined by Article 12 of the Corporate Governance Communiqué. The results of Anadolu Etap are accounted for using the equity method because the current governance structure and agreements among the shareholders of Anadolu Etap do not allow any shareholder to fully control and consolidate the business.

THE GROUP AND ITS BUSINESS

Overview

The Group is a leading international brewer and the majority shareholder of CCİ, the Coca-Cola bottler in Turkey and nine additional countries, through which the Group conducts its soft drinks activities. Based on publicly available information, the Company estimates that the Group is Europe's fifth largest brewer and Barth Haas reports that the Group was the world's tenth largest beer-maker, each as measured by production volume (Source: Barth Report 2019/2020). CCİ is among the top 10 largest bottlers in the Coca-Cola system, as measured by sales volume, according to information provided to CCİ by TCCC. The Group operates 21 breweries, five malteries and 26 bottling plants, and its products and services are supplied to more than 700 million consumers across 16 principal markets.

It is also the largest brewer in Russia, Turkey, Ukraine, Kazakhstan, Moldova and Georgia in terms of market share by volume, according to Nielsen and Company estimates as of 2020. The Group has a portfolio of over 100 beer brands, which includes the *Efes Pilsener* international brand, as well as a number of premium and local mainstream beer brands, many of which hold leading positions in their respective market segments, as well as various licenses for international premium brands for its principal markets, including AB InBev brands. The Group operates 21 breweries, five malteries and one hops processing plant in six countries. As of 31 March 2021, the Group had an annual production capacity of approximately 54.3 million hectolitres of beer and approximately 383,000 tons of malt.

The Group also produces, sells and distributes Coca-Cola trademarked soft drinks through CCİ, its subsidiaries with TCCC, in which the Group holds a controlling 50.3 per cent. interest. These include sparkling beverages such as Coca-Cola, Sprite and Fanta, as well as still beverages such as fruit juice, bottled water, energy and sports drinks and iced tea. CCİ and its subsidiaries and joint ventures operate 26 bottling plants across 10 markets, and as at 31 March 2021 had an annual bottling capacity of approximately 1,662 million unit cases. Based on information from GlobalData, Nielsen and CCİ estimates, management believes that, as measured by sales volume, CCİ ranks first, or in certain cases second, in all of the markets in which it has production activities. In Turkey, CCİ is the leading sparkling soft drinks bottler, with a share of 66 per cent. of the Turkish sparkling soft drinks market, as measured by sales volume for 2020, according to Nielsen.

The Group has two business lines, beer and soft drinks, and reports these business lines in two segments, Beer Operations (i.e. Beer Group) and Soft Drinks Operations (i.e. Soft Drinks). The following table sets forth the Group's key performance metrics for the periods indicated.

	Three months ended 31 March			**Year ended 31 December**				
	2021	**2020** [1]	**Change**	**2020**	**2019** [2]	**Change 2020 v 2019**	**2018** [3]	**Change 2019 v 2018**
		(restated)	*(%)*		*(restated)*	*(%)*	*(restated)*	*(%)*
Beer Sales Volume (*million hl*)[4]...	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6
Soft Drink Sales Volume (*m unit case*)[5]	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)
Revenue *(TRL millions)*	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5
Revenue Per HL *(TRL)*..................	265.3	220.0	20.6	258.5	220.3	17.3	175.5	25.6
Profit/(Loss) from Operating Activities (*TRL millions*)	106	(406.7)	126.1	2,717.2	2,246.2	21.0	1,363.0	64.8
Profit/(Loss) from Operating Activities Margin *(%)*....................	1.7	(9.0)	119.1	10.2	9.7	4.4	7.3	33.5
Profit/(Loss) Attributable to Owners of Parent (*TRL millions*)[6]	295.2	(128.6)	329.5	814.8	1,034.2	(21.2)	(11.7)	8,953
Profit/(Loss) Attributable to Owners of Parent Margin *(%)*[6]..................	4.8	(2.8)	268.2	3.0	4.5	(32.0)	(0.1)	7,270
EBITDA (BNRI) (*TRL millions*)[7]	715.2	301.1	137.5	5,098.4	4,062.9	25.5	3,045.8	33.4
EBITDA (BNRI) Per HL *(TRL)*[7] .	30.8	14.7	109.9	49.3	38.8	27.0	28.6	35.6
EBITDA (BNRI) Margin *(%)*[7].....	11.6	6.7	74.4	19.1	17.6	8.5	16.3	11.0
Cash Flow from Operating Activities (*TRL millions*)...............	352.8	(563.6)	157.8	4,956.9	4,157.1	19.2	2,818.2	47.5
Free Cash Flow (*TRL millions*)[7]...	(250.9)	(1,021.4)	75.4	3,012.2	2,335.4	29.0	1,053.7	121.6

Notes:

(1) In order to comply with the presentation of the consolidated financial statements for the three months ended 31 March 2021, the comparative information for the three months ended 31 March 2020 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the three months ended 31 March 2020, see Note 2. to the 2021 Interim Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(2) In order to comply with the presentation of the consolidated financial statements for the year ended 31 December 2020, the comparative information for the year ended 31 December 2019 has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the consolidated financial statements for the year ended 31 December 2019, see Note 2. to the 2020 Audited Consolidated Financial Statements, which are included in this Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(3) In order to reflect the restatement of provisionally recognised goodwill, certain of the comparative information for the year ended 31 December 2018 has been restated. For information on the restatements made in the consolidated financial statements for the year ended 31 December 2018, see Note 2. to the 2019 Audited Consolidated Financial Statements, which are included in the Prospectus, and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*".

(4) 1 hectolitre=100 litres.

(5) 1 unit case=5.678 litres.

(6) Parent company shares.

(7) EBITDA (BNRI), EBITDA (BNRI) Margin and Free Cash Flow are Non-TAS Measures. For the definitions of these measures and a reconciliation of each Non-TAS Measure to the nearest TAS measure, see "*Presentation of Information—Non-TAS Measures*".

The following table sets forth the Group's net sales by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Three months ended 31 March			Year ended 31 December					
	2021	**2020**	**Change**	**2020**	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**	**CAGR 1/1/18-31/12/20**
		(restated)		*(restated)*	*(restated)*		*(restated)*		
	(TRL millions)	*(TRL millions)*	*(%)*	*(TRL millions)*	*(TRL millions)*	*(%)*	*(TRL millions)*	*(%)*	*(%)*
Segment[1]									
Beer Group	2,412.1	1,892.0	27.5	12,352.0	11,069.0	11.6	8,066.7	37.2	23.7
Soft Drinks	3,747.3	2,621.6	42.9	14,391.0	12,007.8	19.8	10,623.4	13.0	16.4
Other and Eliminations.....	(0.1)	(0.1)	4.8	(0.3)	(0.2)	56.9	(0.4)	(41.9)	(13.4)
Total	6,159.3	4,513.5	36.5	26,742.7	23,076.6	15.9	18,689.7	23.5	19.6

Note:

(1) Segment revenue information in the table excludes inter-segment revenue elimination, which is reported within other and eliminations.

The following table sets forth certain information regarding the Group's sales volume by segment for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Three months ended 31 March			For the Year ended 31 December					
	2021	**2020**	**Change**	**2020**	**2019**	**Change 2020 v 2019**	**2018**	**Change 2019 v 2018**	**CAGR 1/1/18-31/12/20**
		(restated)			*(restated)*		*(restated)*		
			(%)			*(%)*		*(%)*	
Segment									
Beer Group *(mhl)*[(1)]..........	7.3	7.0	4.3	36.2	36.2	0.2	31.8	13.6	6.7
Soft Drinks(*mn unit cases*)[(2)]............................	280.8	238.5	17.7	1,183.9	1,207.4	(1.9)	1,314.9	(8.2)	(5.1)
Total (*mhl*[(1)])....................	23.2	20.5	13.2	103.5	104.7	(1.2)	106.5	(1.7)	(1.4)

Notes:

(1) One hectolitre equals 100 litres.

(2) One unit case represents 5.678 litres.

Strengths

The Group believes that it has developed certain key competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

Leading market positions in emerging markets with growth potential and attractive demographics. Management estimates that the Group is Europe's fifth largest brewer and Barth Haas reports that it is the world's tenth largest beermaker, each as measured by production volume (Source: The Barth Report 2019/2020). The Group is the largest brewer in Russia, Turkey, Ukraine, Kazakhstan, Moldova and Georgia in terms of market share by volume according to Nielsen and Company estimates as of 2020. CCİ is also among the top 10 largest bottlers in the Coca-Cola system as measured by sales volume according to TCCC. In several of these markets the average *per capita* consumption (for both beer and soft drinks) and the average age of the population are lower than those of more developed markets in western Europe and the United States according to GlobalData. As a result, these and other markets in which the Group operates have experienced volume growth in both beer and soft drinks, and management believes there is potential for further growth in both markets which the Group has the available production capacity to meet. Management believes that the Group, with its strong market position and balanced brand portfolio, is well placed to benefit from attractive demographics and consumer trends supporting continued growth in alcohol consumption in the international markets in which it operates and in soft drinks consumption in all of the markets in which it operates. Furthermore, management believes that the Group's strong market position and balanced brand portfolio will continue to support further interest in its products and present opportunities for expanding its brand range.

Strong brand portfolio with significant development capability. The Group's balanced product portfolio includes some of the most popular and well-known brands in the markets in which it operates, including Efes Pilsener, Stary Melnik and Karagandinskoe, BUD, Corona, Essa and Kozel in its beer portfolio and Coca-Cola, Fanta and Sprite in its soft drinks portfolio. In 2020, the Group's beer portfolio included the leading brands in each of the Russian, Turkish, Ukrainian, Kazakh, Georgian and Moldovan markets, according to Nielsen and Company estimates. The Group has a leading brand portfolio in Russia and Ukraine with a continued focus on investing in its brands in Turkey and value generating initiatives in CIS countries. The Group is also aiming to expand its position in the non-alcoholic beer market and in 2020 launched Bud Zero 0.0 and Leffe Blond non-alcoholic. Its soft drinks portfolio also includes leading brands in its markets, including in Turkey, where Coca-Cola is the leading sparkling beverage as measured by sales volume according to Nielsen. The Group's beer portfolio spans the super premium, premium, low premium, mainstream/core and economy/value segments in each of its beer markets. Moreover, the Group has considerable expertise in both launching new beer brands and re-launching existing brands, promoting them to national prominence in their markets. The Group also invests in innovation to develop its portfolio. In 2020, the technical team developed a new brewing technique, "+1 Resting". The "+1 Resting" technique was certified by the VLB Berlin Institute and an international patent application was made. Management expects that the new technique developed by the Group's brew masters is likely to be called a third brewing technique in the global beer industry's literature. Management believes that its strong, balanced brand portfolio, combined with its deep knowledge of the markets in which it operates and experience in introducing new products provides a strong platform for capturing a proportion of growth in the expanding beer and soft drinks markets.

Strong track record of Free Cash Flow generation: The Group has consistently generated Free Cash Flow from its beer and soft drinks operations. During the year ended 31 December 2020, the Group generated Free Cash flow of TRL 3,012 million representing a 29.0 per cent. increase compared to Free Cash Flow during the year ended 31 December 2019 and the largest amount of Free Cash Flow that the Group has generated to date. While Free Cash Flow was negative in the three months ended 31 March 2021 due to the cyclicality of the Group's business, the Group improved year-on-year with negative Free Cash Flow of TRL 250.9 million for the three months ended 31 March 2021 compared to TRL 1,021.4 million for the three months ended 31 March 2020. The improvement in the Group's Free Cash Flow generation has been driven by the Group's commitment to financial discipline and cost and spending initiatives, including zero-based spending, that it introduced in 2018, as well as effective management of the working capital cycle. As a result of these measures, the Group's

Net Financial Debt to EBITDA (BNRI) ratio reduced to 0.7x as at 31 December 2020 before increasing slightly to 1.0 as of 31 March 2021.

Leading Coca-Cola franchise in the region. The Group has had a long-standing and strong partnership with the TCCC since the 1990s through CCİ. See "—*Business Lines—Soft Drinks*". CCİ is among the top 10 largest bottlers in the Coca-Cola system, as measured by sales volume. Management believes that this partnership with one of the world's leading soft drink companies brings significant benefits to the Group, including but not limited to rights to produce and sell well-known brands such as Coca-Cola, Fanta, Sprite and Cappy. The strength and global brand appeal of Coca-Cola trademarked beverages have enabled the Group to build a strong presence in its soft drinks markets. Based on information from GlobalData, Nielsen and CCİ estimates, management believes that CCİ is the leading sparkling soft drinks business in Turkey, Pakistan, Kazakhstan, Azerbaijan and Kyrgyzstan. Through its partnership with TCCC, the Group offers its customers a range of non-alcoholic beverage choices.

Expertise in managing organic growth and integrating acquisitions. The Group has a strong track record of successfully managing rapid organic growth and integrating new acquisitions into its operations, which has enabled it to diversify its portfolio in support of a cyclically resistant business. In the past decade, the Group has grown through a combination of the merger of its beer operations in Russia and Ukraine with the beer operations of AB InBev in Russia and Ukraine and greenfield developments, including in Turkey, Kazakhstan, Tajikistan and Pakistan in its soft drinks business. Management believes that its track record of successful acquisitions and integrations leaves the Group well positioned to continue to grow organically and take advantage of future opportunities for strategic acquisitions. Furthermore, by expanding both its beer and soft drinks businesses the Group has reduced its exposure to consumption cycles within each individual business line.

Strong management team with significant experience in and knowledge of the Group's markets. Key management personnel in the Group's markets, and particularly in Russia, Turkey, Ukraine and Kazakhstan, have significant experience in the beverage industry and in the markets in which they operate. This experience and knowledge of both the industry and the respective markets assists the Group in evaluating and capitalising on growth opportunities in its markets, and management believes this provides the Group with certain advantages over its competitors.

Vertically integrated operations in key markets. Management believes that the Group derives significant benefit from the vertical integration of its beer operations in its key markets of Russia and Turkey, where the Group is highly integrated. The Group's Russian malteries produce a significant amount of the malt that the Group requires, and with its preform production facility, the Group is also able to produce a portion of the PET bottles that it uses for bottling its beer in Russia. In addition, CCİ has PET bottle production capabilities. See "*—Research and Development*" and "*—Business Lines—Beer—Turkey Beer—Marketing, sales and distribution*". In particular, the Group works with Turkish farmers, often using seed varieties it has developed, to secure its hops and malting barley requirements, and its facilities produce substantially all of the hops and malt that the Group needs for its own brands in its Turkey beer operations. Management believes that this vertical integration provides a distinct competitive advantage over many local producers in these markets and helps assure quality, cost and security of supply.

Strategy

The Group aims to continue to strengthen its position as a leading international brewer and soft drinks producer while capitalising on its presence in growing markets with a focus on increasing profitability. The Group's strategic objectives are to maximise organic growth by investing in brands, the beer market and capacity, maintain a healthy balance sheet and leverage ratio of between 1.0x and 2.0x Net Financial Debt to EBITDA (BNRI), invest in inorganic growth in key growth areas where the Group has expertise to leverage acquisition opportunities and improve digitalisation to facilitate strategic priorities. The Group sees its investments in digitalisation as an important enabler of its strategic priorities. The Group has the following strategies with respect to its beer and soft drinks businesses.

Beer

In its beer business, the Group's vision is to be the largest brewer from the Adriatic to China by developing and owning social life and beer culture. In support of this vision, the Beer Group has seven strategic priorities:

- ***People***: The Group focuses on nurturing the talents of its people by establishing the tools and systems they require and providing a supportive place to work.
- ***Brands***: The Group aims to provide choice, great taste, quality and innovation through its portfolio of market leading beer brands.
- ***Operational excellence***: The Group seeks to build competitive advantage through lean and efficient processes and organisation.
- ***Financial discipline and value creation***: The Group aims to achieve profitable growth and maximise Free Cash Flow to generate above average returns on its investments.
- ***Customers & consumers***: The Group focuses on enhancing engagement through better collaboration and innovative solutions. The purpose of this is to transform customer and consumer relationships into experiences rather than purely transactional relationships.
- ***Stakeholders***: The Group aims to build relationships and credibility with all of its stakeholders.
- ***Expansion & growth***: The Group targets expanding its business through enhancing its brand portfolio, utilising new sales channels and expanding geographically to increase market penetration. This includes growing exports from established operations into new markets such as China.

In light of these strategic priorities, the Group's commercial priorities within its beer operations are:

- investing in the overall beer market;
- maintaining its leading market share while delivering value growth;
- strengthening consumer appeal through its products;
- increasing its product innovation and product variety, while maintaining its differentiation and profitability;
- capturing the consumer trends towards premium beer brands; and
- aiming to grow its share in the non-alcoholic beer segment in international operations.

Soft Drinks

With respect to the soft drink business, CCİ's vision is to be the best company in the fast-moving consumer goods sector in all of the countries in which it operates. CCİ has identified five strategic priorities for the period from 2021 to 2023 that reflect this vision and provide CCİ with a roadmap to make business decisions that create value for its stakeholders. CCİ's strategic priorities (and the Group's strategic priorities for CCİ) are:

- ***Accelerating quality growth***: CCİ produces profitable and sustainable growth by offering consumers high-quality services through its rich, innovative and constantly evolving product portfolio.

- ***Being the best in fast-moving consumer goods execution***: CCİ has implemented high quality customer and supplier management and business development practices through its dedicated teams that interact with CCİ's customers to ensure mutual growth.
- ***Winning together with its people***: CCİ creates a diverse and inclusive work environment where all of its employees are valued and given equal opportunities for self-development.
- ***Digitalisation for industry leadership***: CCİ is in the process of digitalising to increase efficiency and strengthen its operations for the purpose of maintain its industry leadership. To this end, CCİ integrates innovative practices into its work.
- ***Winning together with its stakeholders***: CCİ is focused on winning together with all of the stakeholders in its value chain and creating value for the community and the planet.

History

The group is part of the broader Anadolu Group, which consists of AG Anadolu Grubu Holding A.Ş., with its subsidiaries and affiliates, which is one of Turkey's leading conglomerates. The foundations of the Anadolu Group were laid in the early 1950s by members of the Özilhan and Yazıcı families in Turkey. Since its inception, the Anadolu Group has grown steadily, becoming what is today a conglomerate of more than 80 companies in 16 countries ranging from the Atlantic to the Pacific that are active mainly in beer and soft drinks (through the Group), and the automotive and retail sectors. The Anadolu Group has also expanded its range of activities with investments in the informatics, automotive, energy, food and healthcare sectors.

The Group commenced beer production in 1969 when its first two breweries in Turkey began producing Efes Pilsen. Throughout the 1970s and 1980s, the business expanded to include hops processing and malt production, and two breweries and two malteries were established in Turkey. In the late 1990s, the Group acquired a fifth brewery in Turkey, along with the Marmara brand. A marketing and distribution company was also established in this period to handle sales and marketing in Turkey. Four Turkey-based breweries and malteries were listed on the Borsa İstanbul during the course of the 1980s and 1990s, and were ultimately merged in 2000 to form the Company. Efes Breweries International N.V. (i.e. EBI) was established in The Netherlands in 1996 as a holding company for the Group's international brewing operations.

The Group expanded into Kazakhstan and Russia in the late 1990s through the acquisition of a brewery in Kazakhstan and the establishment of the Moscow Efes Brewery. The Group's Russian brand, Stary Melnik, was also launched at this time. The Group subsequently expanded into Moldova through the acquisition of a brewery. The scope of the Group's operations in Kazakhstan and Russia was also expanded through the commencement of production at new breweries in Kazakhstan and Russia and the acquisition of an additional brewery in Russia. In 2006, the Group acquired the then-seventh largest brewer in Russia, the KV Group, which at that time was the Group's largest acquisition. The KV Group acquisition added two new breweries, four new malteries and one "pre-form" (or PET bottle) production facility to the Group's existing operations in Russia, helping to solidify its position in Russia. The Group entered the Georgian market in 2008 through the acquisition of one of the leading brewers in Georgia. The Group's strategic alliance with SABMiller formally commenced in March 2012, and as part of those arrangements, the Group acquired all of SABMiller's brewing operations in Russia and Ukraine and made a capital increase in Anadolu Efes. SABMiller acquired 24 per cent. of Anadolu Efes in return. See "—*Certain Arrangements with AB InBev*" below. In 2016, AB InBev acquired SABMiller and its 24 per cent. shareholding in the Company. In 2018, the Company and AB InBev entered into an agreement to combine their Russian and Ukrainian beer operations. In 2020, as a result of long-term practices at the Research & Development centre in Izmir, the Group's brew masters developed the "+1 Resting" technique. The new technique was certified by the VLB Berlin Institute and an international patent application was filed.

In the mid-1990s, the Group also began focusing on making Coca-Cola bottling investments in the CIS through its subsidiary Efes Sinai Holding A.Ş. ("Efes Invest"). Production of Coca-Cola products began in Kazakhstan in 1995 and then expanded into Kyrgyzstan and Azerbaijan in 1996 and to Turkmenistan in 1998. In 1996, the Group also purchased a 33.3 per cent. interest in each of the four Coca-Cola bottling companies that accounted for approximately 80 per cent. of Coca-Cola's Turkish operations from TCCC. In 1998, the Turkish Coca-Cola bottling operations were merged and Turkey's exclusive bottler was established with the Group's stake increasing to 40 per cent. A new greenfield Coca-Cola bottling plant in Almaty, Kazakhstan began operations in 2005 to meet the increasing demand for Coca-Cola products in Kazakhstan. In the same year, Efes Invest acquired a 90 per cent. interest in the Jordanian Coca-Cola bottling company. In 2005 and 2006, the Group reorganised both its international soft drinks operations which, were previously held through Efes Invest, and Turkey soft drink operations, which were previously held through CCİ, under CCİ, and CCİ's shares were listed on the Borsa İstanbul in 2006. A joint venture also began in 2006 with a local partner in the Iraqi market (CCİ now holds 100 per cent. of this Iraqi bottling company). In 2008, CCİ acquired 49 per cent. of the Coca-Cola bottling company in Pakistan. In February 2012, CCİ, together with TCCC, bought a majority stake in a company that is involved in the production, sales and distribution of soft drinks in Southern Iraq. All of the Group's Coca-Cola bottling operations are conducted through CCİ and its subsidiaries and joint ventures.

In 2009, the Group expanded into the fruit juice concentrate market, acquiring a 33.3 per cent. interest in Anadolu Etap, a company that makes fruit juice concentrate in Turkey for sale in both in Turkey and internationally. This interest was increased to 76.2 per cent. in 2020.

Strategic Alliance with AB InBev and AB InBev Relationship Agreement

On 6 March 2012, the Company entered into a strategic alliance with SABMiller plc ("SABMiller") whereby EBI acquired 89 per cent. and Euro-Asian Brauereien Holding GmbH, a wholly-owned subsidiary of EBI, acquired 11 per cent. of the shares in SABMiller RUS LLC. EBI also acquired 99 per cent. of the shares in PJSC Miller Brands Ukraine. On 23 December 2013, SABMiller plc, SABMiller Harmony Limited, Yazicilar Holding A.Ş, Őzilhan Sinai Yatirim A.Ş, Anadolu Endűstri Holding A.Ş and the Company entered into a formal relationship agreement (the "SABMiller Relationship Agreement") to regulate certain aspects of the relationship between them.

On 22 March 2018, following the completion of AB InBev's acquisition of SABMiller, ABI SAB Group Holding Limited, AB InBev Harmony Limited, AG Anadolu Grubu Holding A.Ş., Anadolu Efes Biracilik Ve Malt Sanayii A.Ş, and Anheuser-Busch InBev S.A./N.V. entered into a deed of amendment to amend the original Relationship Agreement as a result of the acquisition of SABMiller and the combination and the merger of the Group's and AB InBev's operations in Russia and Ukraine (the "AB InBev Relationship Agreement").

Pursuant to the license and distribution agreements executed following its entry into the AB InBev Relationship Agreement, the Group is entitled to exclusively distribute certain AB InBev brands within the majority of the countries included in the AE Area (as defined below), subject to certain exceptions. The Group is also exclusively entitled to manufacture and distribute BUD and Beck's in Turkey and Lowenbrau in Georgia. The Group pays fees and royalties to AB InBev pursuant to the terms of certain country and brand specific agreements. Certain restrictions have also been imposed on the Company. For example, while any acquisitions in the "AE Area" (being Belarus, Afghanistan, Pakistan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Azerbaijan, Georgia, Moldova, Armenia, Turkmenistan, Bahrain, Jordan, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates and Yemen) can only be undertaken through the Company, outside of the AE Area, AB InBev has a right of first refusal over certain geographic markets.

The AB InBev Relationship Agreement also sets forth how AB InBev and the Company will appoint directors to the Company and how they will vote in connection with certain matters.

On 29 March 2018, the Company and AB InBev also entered into a shareholders' agreement (the "AB InBev Efes Shareholders' Agreement") relating to the operations, management and governance of AB InBev Efes and its subsidiaries in Russia and Ukraine (the "AB InBev Efes Group"). See "*Ownership—Certain Arrangements with AB InBev—Shareholders' Agreement*".

Impact of the COVID-19 Pandemic

The extraordinary situation created by the COVID-19 pandemic affected all industries, including the beer and soft drink industries. However, the Group delivered strong performance in the three months ended 31 March 2021 and the year ended 31 December 2020 despite the challenges posed by the pandemic. Nevertheless, management does not anticipate a sustained normalisation period until the second half of 2021.

Throughout the COVID-19 pandemic, the Group's priority has been to ensure the health and safety of its employees and stakeholders. The Group has taken, and continues to take, all necessary measures according to the instructions of the governments of the jurisdictions in which it operates. It has also taken additional measures to reduce the risks associated with the pandemic, including switching to remote working practices for office workers and some sales personnel, reorganising order processes with the support of communication technologies, introducing new hygiene rules and controls and conducting employee health checks, providing masks, gloves and sanitisers to employees, dealers and distributors while disinfecting company cars and distribution vehicles, and at production sites restricting interaction between shifts and disinfecting production areas. The Group has also disseminated comprehensive information to its business partners and stakeholders.

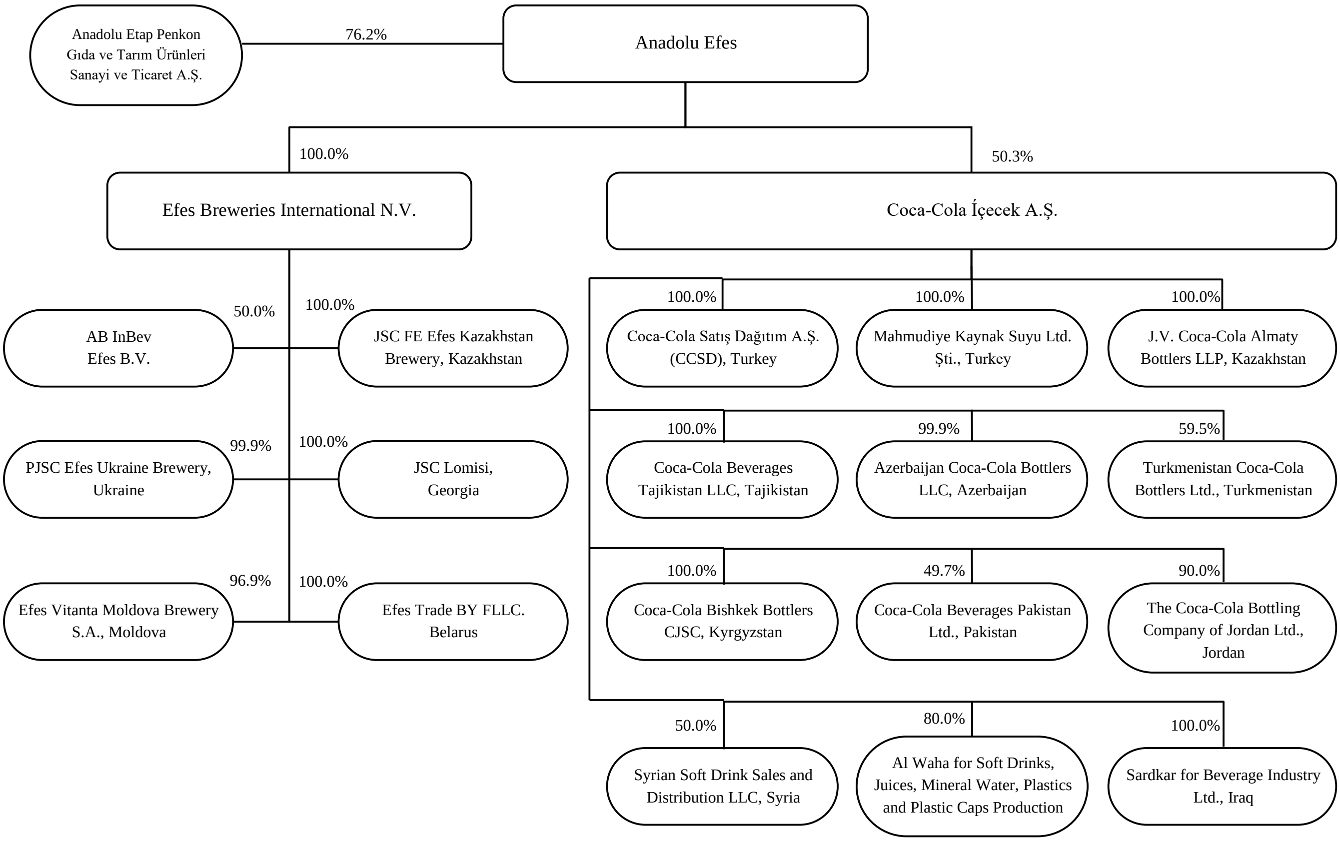
As a result of taking these measures, and implementing others to ensure business continuity, the Group has not experienced an interruption to its production or sales activities. Plans were put in place to shift production to other facilities in the event of COVID-19 outbreaks and the Group updated its plans for decreases in demand to ensure that the production process was revised in line with demand changes driven by COVID-19. The Group also has not experienced difficulties with regard to its supply of raw, packaging and auxiliary materials.

The Group has continued to perform strongly in terms of its balanced portfolio of products, its leading market positions, the geographical diversity of its operations and its Free Cash Flow generation. In response to the impact of COVID-19 and the restrictions and lockdowns implemented by national governments in order to stop its spread, the Group implemented new cost and expense optimisation projects and extended the scope of its existing zero-based spending program. As a result, it increased its operational profitability which, combined with robust working capital management and decreased capital expenditures, resulted in the generation of TRL 3.0 billion in Free Cash Flow in 2020, the highest amount of Free Cash Flow that the Group has generated to date.

Finally, the Group has prioritised supporting the communities in which it operates throughout the pandemic. The Group has taken action to create social benefits by focusing on the continuity of the ecosystem in these countries. This includes supplying disinfectant in certain countries and supporting people working in the food and beverage and entertainment sectors in Russia, Turkey, Ukraine, Kazakhstan and Georgia.

Corporate Structure

The following chart shows the principal subsidiaries and joint ventures of the Group:



See "*—Strategic Alliance with AB InBev and the AB InBev Relationship Agreement*" and "*Ownership—Certain Arrangements with AB InBev*" for information about certain agreements between the Company and AB InBev. See "*—Business Lines—Soft Drinks—Relationship with The Coca-Cola Company*" for information about certain shareholding and corporate governance matters contained in CCİ's constituent documents.

Business Lines

The Group operates two distinct business lines, beer and soft drinks. Through its interest in Anadolu Etap, the Group also produces fruit juice concentrate in Turkey for sale both in Turkey and internationally.

Beer

The Group runs its beer operations through the Beer Group segment, which is comprised of international beer operations and Turkey beer operations. The Beer Group's international beer operations, which encompass five countries with production facilities, are conducted through its wholly owned subsidiary EBI. In addition to its over 70 export markets, which include Azerbaijan and a growing export market in China, the Group also coordinates the sale of its beer products in Germany and Belarus. See "*—Marketing, sales and distribution*" below. The Turkey beer operations are overseen by the Company, which owns the Turkish production facilities, and include Efes Pazarlama ve Dagitim Ticaret A.Ş. ("EFPA"), a subsidiary that is responsible for the sales, marketing and distribution of beer in Turkey.

Raw materials procurement

The principal raw materials used in the Group's brewing operations are barley, malt, hops, yeast, water and packaging materials, which include glass bottles, aluminium cans, PET bottles and kegs. The majority of raw materials used in the manufacture of the Group's beer products are procured locally. The Group manufactures an important part of the malt requirement for AB InBev Efes B.V. at its three malteries in Saransk, Kazan and Omsk, which have a total annual capacity of approximately 268,000 tonnes. In addition, the Group produces all of the malt requirements for its Turkish brewing operations at its two malteries in Afyon and Konya. These plants have a combined annual capacity of approximately 115,000 tonnes. The Group also produces a substantial part of the hops requirements for its Turkey beer operations at its hops plant in Bilecik. Management believes that the Group's ability to generate a consistent supply of malt for its operations in its key markets of Russia and Turkey provide a distinct competitive advantage over many local producers in those markets. The remaining malt requirements of the Group's brewing operations are obtained locally to the extent possible from third party suppliers, and in countries where there are no local malt producers, through imports. The Group obtains the remaining raw material requirements such as hops, barley and packaging materials from the open market.

The countries in which the Group's brewing operations are located are among the leading grain producers of the world, and management does not expect any interruptions in supply of barley for malting. Rice and sugar are generally procured locally, but are imported when the quality of such raw materials does not conform to the requirements of the Group's breweries. In Russia, the Group has implemented a smart agriculture programme with its partners. As part of this programme, the Group provides a smart barley tool that allows its partners to access the Group's barley knowledge and innovations, benchmark barley practices and performance and receive analytical data on the effectiveness of barley cultivation, including agro-technological information and insights. The Group also conducts satellite monitoring of important indicators of yield growth and development to forecast crop quality. In Turkey, through its research and development activities the Group has created new varieties of barley and hops seeds with a view to improving their quality and yield. It works with Turkish farmers to grow these varieties for use in its malteries and hops plant. See "*—Research and development*".

Packaging materials, consisting mainly of glass bottles, aluminium cans, PET bottles, cases and pallets, are procured locally to the extent possible. The most important packaging materials are glass bottles and cans. In Russia, the Group is working to optimise the production of primary packaging by reducing weight and increasing recycled content in packaging. In Turkey, a substantial proportion of the Group's sales volume is from beer sold in returnable bottles. The use of returnable bottles necessitates an efficient two-way distribution system, which management believes is one of the Group's strengths in Turkey.

The supply and price of raw materials used by the Group can fluctuate as a result of a number of factors beyond the Group's control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. The Group tries to manage the timing of purchases of raw materials in order to benefit from lower prices, and to pass on raw materials price increases to consumers through end-product pricing, but also uses various risk management tools such as entering into long term supply agreements, utilising hedging mechanisms for some of its raw materials and diversifying its supplier base. See "*Risk Factors — Risks Relating to the Group's Business — The Group may be impacted by changes in the availability or price of raw materials and packaging*".

The brewing process

The Group's mission is to "brew joy, passionately and responsibly". Barley malt is the fundamental ingredient of beer. Barley is malted in a process in which the kernel is withered, germinated and dried smoothly. Through this process, enzymes which are important for the brewing process, colour and aroma are formed. Smaller shares of other carbohydrate sources as sugar, rice, corn or wheat might be part of the recipes depending on local taste preferences and type of beer.

The brewing process begins with the malted barley being lightly crushed into a coarse powder called grist. The grist is transferred to a large vessel called a mash tun, where it is mashed with hot water. At defined temperature steps, the starch of the malt is converted by enzymes to natural sugars. The mash is separated in a lauter tun, where a sweet, golden liquid called wort is collected. The wort is boiled with hops in the wort kettle. After boiling, the wort is separated from solid particles in a whirlpool and cooled to fermentation temperature.

The next stage is fermentation, which starts by adding yeast to the cooled wort which is transferred into fermentation vessels. The yeast converts the natural sugars into alcohol, carbon dioxide and a range of subtle flavours. Lagers are fermented with a yeast that works at cool temperatures and sinks to the bottom of the fermenting vessel, which is known as bottom fermentation. To ensure hygienic conditions, enclosed fermenters are used with a conical base, in which the yeast settles into the base. Ales are brewed with top fermented yeast at higher temperatures. After fermentation the yeast is cropped and removed from the beer, a maturation process starts. At the end of the brewing process the beer is filtered and buffered in bright beer tanks ready for filling. Some specialities are sold unfiltered. In the packaging process beer is with filled, labelled and depending on the pack type transferred in multipacks. The beer reaches consumers in kegs, bottles or cans.

Anadolu EFES malteries and breweries adhere to strict quality principles that control all stages of production starting from the raw material procurement stage and continuing throughout the production and distribution stages. Anadolu EFES breweries are certified (ISO 9000:2000, 22000), and have excellence programmes, specification management through quality assurance processes and a monthly performance review of related quality KPIs.

Marketing, sales and distribution

The Group views its brand portfolio as a key asset, providing choice, great taste, quality and innovation.

The Group seeks to have a brand portfolio in each of its markets consisting of:

- *Strong local and national brands*: at least one strong local or national brand either through acquiring and re-launching an existing brand or creating a new brand from scratch. Management believes that local positioning is one of the key elements that have brought success to the Group as consumers in its markets exhibit a preference for local beer brands; and

- *Global and international premium brands*: at least one global and international brand to meet the premium preferences of consumers. The Group's policy is to have the Efes Pilsener brand as a part of its premium portfolio outside of Turkey. With respect to the Efes Pilsener brand, marketing efforts are coordinated by the Company across the Group's markets and are aimed at reinforcing the image of the brand as a premium international beer. See "*—Support from Anadolu Efes*".

- *Non-alcoholic and low alcoholic brands*: The Group is focused on developing the non-alcoholic and low alcoholic category in Russia and Ukraine, including a variety of non-alcoholic beers as well as kvass, which was launched in Russia and Ukraine in 2020 and 2019, respectively. Alongside the non-alcoholic and low alcoholic category, the Group invests in and develops its own brand of cider.

In order to satisfy the different needs of consumers while using a multilayer segmentation strategy (taking account of factors such as demographics, socio-economic status and cultural differences), the Group's marketing efforts are focused on reaching consumers in the premium and mainstream segments and on attaining and maintaining a greater market share by value than by sales volume. Each of the Group's operating subsidiaries funds all marketing activities within its market both in respect of the Efes Pilsener brand and their respective local and other licensed brands.

The following table sets forth the Group's principal brands in the markets where it has brewing operations:

Market	Principal Brands
Turkey	Efes Pilsen, Efes Light, Efes Dark, Efes Xtra, Efes Malt, Efes Özel Seri, Bomonti, Bomonti Filtresiz, Marmara Gold, Varım, Miller Genuine Draft, BUD, Beck's, Corona, Amsterdam Navigator
Russia	Efes Pilsener, Beliy Medved, Gold Mine Beer, Stary Melnik, Velkopopovicky Kozel, Stella Artois, Lowenbrau, Zolotaya Bochka, Green Beer, Zhigulevskoe, Bavaria, SMIB, Spaten, ESSA, 387, Redd's, Hoegaarden, Brahma, BUD, Bud Light, Becks, Corona
Kazakhstan	Efes Pilsener, Velkopopovicky Kozel, Karagandinskoe, Beliy Medved, Kruzhka Svezhego, Miller Genuine Draft, Bavaria, Amsterdam Navigator, Zhigilevskoe, Stary Melnik, Slavna Pivnice, Bremen
Moldova	Efes Pilsener, Chisinau, Stary Melnik, Beliy Medved, Radler, Camarad, Velkopopovicky Kozel, Timisoreana, Oettinger, Jiguleovscoe Bocikovoe
Ukraine..................................	BUD, Stella Artois, Stary Melnik, Zhigulevskoe, Miller Genuine Draft, Staropramen, Lowenbrau, Velkopopovicky Kozel, Bely Medved, Yantar, Corona, Hoegaarden, Leffe
Georgia..................................	Efes Pilsener, Natakhtari, Staropramen, Kozel, Lowenbrau

The Group's marketing is principally aimed at people aged from 18 to 40 (unless there is a specific legal requirement to the contrary). The Group focuses on this particular demographic group because people within this age range typically consume more beer *per capita* than other age group and are more likely to adopt and enjoy the beer culture as they are generally more receptive to Western *per capita* consumption patterns and are more likely to remain loyal to a brand if they form that loyalty at a young age. Management believes that beer brands have longer product life cycles than brands in many other consumer product sectors and that the strength of a beer brand tends to endure over a long period of time once brand loyalty is established.

The Group uses a 360-degree marketing strategy that aims to reach consumers in all available channels and be a part of their daily life. In a number of its markets there are broad restrictions on beer advertising. Russia has extensive restrictions on beer advertising, including a ban on the broadcasting of beer commercials on television and radio, and more recently digital media. In Turkey, there have been restrictions on beer advertising in place for over 20 years and there is a general prohibition on beer advertising in the mass media and other general sales channels, with limited exceptions such as for on-trade activities (e.g. sales outlets, restaurants and bars). In Ukraine, there are also extensive restrictions on beer advertising, including a prohibition of advertising on radio and television between 6 pm and 11 pm. See "*Regulation*" and "*Risk Factors—Risks Relating to the Group's Business—Restrictions on beer advertising, sales or consumption may adversely affect the Group's business*". Management believes these advertising restrictions will primarily affect potential market entrants, acting as a barrier to entry by disabling the use of an important brand building tool. Management also believes that these restrictions could, to some extent, represent an obstacle for current participants to launch new products. However, management believes that these restrictions are less likely to affect the Group's brands given their well-established position in the Turkish market and the Group's strong sales and distribution network. Moreover, the Group believes that its long experience operating under advertising restrictions in the Russian and Turkish markets means it is well positioned to adapt its marketing activities to restrictions in other markets.

The Company sells its beer products through third party dealers and distributors. Generally, in high-density population areas, such as Moscow, Rostov, St. Petersburg, Istanbul, Ankara, İzmir, Kiev, Almaty, Chisinau and Tbilisi, the Group uses a hybrid system whereby the Group's own sales force engages in direct order taking with the customer, and third-party distributors are responsible for delivery, invoicing and collection. In smaller cities and towns orders are taken by sales personnel employed by dealers, who in many cases work exclusively with the Group and are supervised by the Group. The Group places significant emphasis on its relationship with authorised dealers and distributors, thereby minimising logistical complexity. Depending on the market, outlets can consist of supermarkets, mini markets, food shops, kiosks, bars, restaurants, pubs or cafes. Authorised dealers and distributors assume the risk of sale and collection of payments after products are delivered to them.

Segments

The Group has two operating segments: Beer Group and Soft Drinks. Prior to 2021, the Group had three operating segments consisting of International Beer, Domestic Beer and Soft Drinks. As of 31 March 2021, the Group presented International Beer and Domestic Beer as a single operating segment because the Beer Group meets the aggregation criteria under TFRS 8 "Operating Segments" because the contribution of Domestic Beer to the Group's performance has become relatively less significant over time following the merger of the Group's and AB InBev's Russian and Ukrainian operations in 2018. In this Prospectus, the Group presents segmental information for the periods covered by the Consolidated Financial Statements on the basis of two segments: Beer Group and Soft Drinks.

Beer Group

The Beer Group segment is comprised of international beer operations and Turkey beer operations.

International Beer Operations

The Beer Group's international beer operations are conducted through EBI, a wholly owned subsidiary of the Company. The Group has brewing operations in Russia, Ukraine, Kazakhstan, Moldova and Georgia, and sales distribution capabilities in Belarus. These operations encompass 18 breweries and three malteries with an annual production capacity of approximately 47.3 million hectolitres of beer and 268,000 tonnes of malt, respectively, as of 31 March 2021.

During the three months ended 31 March 2021, the Beer Group's international beer operations sold approximately 6.6 million hectolitres of beer, as compared to 6.2 million hectolitres during the three months ended 31 March 2020. In 2020, the Beer Group's international beer operations sold approximately 31.6 million hectolitres of beer, as compared to 30.8 million hectolitres in 2019. For the three months ended 31 March 2021, the Beer Group's international beer operations had net sales revenue of TRL 2,013.3 million, as compared to TRL 1,571.1 million for the three months ended 31 March 2020. In 2020, the Beer Group's international beer operations had net sales revenue of TRL 9,995.3 million, as compared to TRL 8,765.2 million in 2019.

Russia

Moscow-Efes Brewery, in which the Group holds a 100 per cent. interest, was established by the Group in 1997 with the participation of Knyaz Rurik, a company established by the government of the City of Moscow to build a brewery and malting complex in Moscow and undertake the production, marketing and sale of beer and malt. Through acquisitions and greenfield development, the Group's Russian operations grew to encompass six breweries. The Group acquired SAB Miller's assets in Russia in 2012. Following its acquisition of SABMiller in 2016, AB InBev acquired a 24 per cent. shareholding in the Company and formed a partnership with the Group in Russia and Ukraine during the first quarter of 2018. As part of this partnership, the Group's and AB InBev's operations in Russia and Ukraine were combined under one management team and the number of breweries increased to 11.

During the three months ended 31 March 2021, AB InBev Efes sold approximately 4.8 million hectolitres of beer, as compared to 4.5 million hectolitres during the three months ended 31 March 2020. In 2020, AB InBev Efes sold approximately 22.5 million hectolitres of beer, as compared to 21.5 million hectolitres in 2019.

Market Overview

The size of the beer market in Russia is estimated by GlobalData's 2020 report to be 73 million hectolitres, with a *per capita* beer consumption of approximately 51 litres. GlobalData estimates that the Russian beer market is the world's fifth largest market. The Russian beer market grew by low-single digits in 2020, according to production data. Despite the measures taken by the government as a result of the COVID-19 pandemic, the year-on-year growth in Russian beer market volumes was supported by limited share of on-trade sales points in the country. Additionally, the slowdown in Russians holidaying outside the country as a result of the pandemic contributed to market volumes during the year.

AB InBev Efes ranks first on a combined basis for 2020 in terms of market share by volume, with approximately 29 per cent. based on management estimates.

The Russian beer market is significantly consolidated, with the top four brewers (e.g. AB InBev Efes, Baltika (part of the Carlsberg group), Heineken and MPK) accounting for approximately 73 per cent. of the market share by volume for 2020 according to Company estimates. Five of the top ten beer brands in Russia are AB InBev Efes brands and they made up approximately 15 per cent. of the market in 2020 according to Company estimates.

Facilities

AB InBev Efes operates 11 breweries in each of Ufa, Kazan, Novosibirsk, Kaluga, Ulyanovsk, Vladivostok, Klin, Omsk, Saransk, Ivanovo and Volzhskiy. It also operates three malteries, one in each of Saransk, Kazan and Omsk. The following tables set forth certain information about the brewery and maltery facilities of AB InBev Efes:

Brewery	Installed Capacity	Average Capacity Utilised, 2020[(1)]
	(million hectolitres)	*(%)*
Klin	2.8	76%
Omsk	4.6	74%
Ufa	3.5	71%
Kazan	4.4	88%
Novosibirsk	2.1	62%
Kaluga	5.8	58%
Ulyanovsk	2.7	64%
Vladivostok	1.6	57%
Saransk	2.1	42%
Ivanovo	1.1	58%
Volzhskiy	2.8	36%
Total	33.5	65%

Note:

(1) Total capacity is calculated by multiplying monthly capacity by 10, rather than 12, incorporating stoppage time for regular working shifts, maintenance and other activities.

Maltery	Production Capacity	Average Capacity Utilised, 2020[(1)]
	(tonnes)	*(%)*
Kazan	112,000	100%
Saransk	109,000	99%
Omsk	42,000	100%
Total	268,000	100%

Note:

(1) Total capacity is calculated by multiplying monthly capacity by 10, rather than 12, incorporating stoppage time for regular working shifts, maintenance and other activities.

In addition, the Kazan facilities have the capacity to produce approximately 1.3 million units of "pre-form" (or PET bottles) per day, which assists in making AB InBev Efes self-sufficient in this material.

Products

The Group's products in Russia are packaged in cans, kegs, glass bottles and PET containers. The following table sets forth the beer brands sold by AB InBev Efes in Russia by market segment:

Market Segment	Brand
Super Premium Brands......	Spaten, Corona Extra, Leffe, Redd's, Franziskaner, Beck's, Boddington's, Kraft Izdat, Hoegaarden, Cass, Modelo, Belle-Vue, Goose Island, Birra Del Borgo
Premium Brands................	Essa, Stella Artois, Amsterdam Navigator, Lowenweisse, Jupiler, Amberweiss, Sibirskaya Corona
Low Premium Brands........	Bud, Bud 66, Velkopopovicky Kozel, Grolsch, Brahma
Core Brands......................	SMIB, Lowenbrau, Efes Pilsener, Zolotaya Bochka, 387, Stariy Melnik Main, Bud Light, Zhigulevskoe Originalnoe, Zhigulevskoe Primorskoe, Sudoku, Primorskiy Kraft
Value Brands	Gold Mine Beer, Beliy Medved, Klinskoe, Zhigulyovskoe Bochkovoe, Tolstyak, T, Zhigulyovskoe, Bavarskiy Zakon, Khmel & Solod, Chernigivske, Rystar Primoriya, Green Beer, Moya Kaluga, Tri Shurupa, Studenoe, Malz Weizen, Khmelnaya Stolitsa, Volzhanin, Sherlok, Volzhakaya Volnitsa, Bremen, Pikur, 54 Tirolskiy Volk, Simbirskoe
Non-Alcoholic Brands.......	Bud Alcohol Free, Bud Light Non-Alcoholic, Velkopopovicky Kozel 0.0, Lowenbrau 0.0, Kvass Silich, Essa 0.0, Stella Artois Non Alcohol, Hoegaarden 0.0, Beck's Blue Non-Alcoholic, Beliy Medved Bezalkogolnoe. Klinskoe Bezalkogolnoe, SMIB Bezalkogolnoe, Sibirskaya Corona Bezalkogolnoe

In 2020, AB InBev Efes' sales volumes in Russia grew by mid-single digits despite the intensely competitive environment, yielding market share gains in terms of both volume and value compared to the beginning of the year. 2020 was the third consecutive year of growth for AB InBev Efes' Russian operations largely due to a focus on the premium segment as well as growth achieved in the mainstream and non-alcohol segments. AB InBev Efes launched new products in 2020 with the goal of growing its share in the non-alcoholic segment, including BUD Zero 0.0 and a proprietary brand of traditional kvass, Silich. The non-alcoholic category grew 13 per cent. year-on-year in 2020. Corona Extra recorded high growth in premium brands, while Bely Medved, Stary Melnik iz Bochonka, Gold Mine Beer, Lowenbrau and Efes stood out as the main brands contributing to the growth during the year.

Marketing, sales and distribution

The Group's marketing strategy in Russia is currently aimed at growing market share by sustaining leadership in the premium segment, while also growing the Group's share of the mainstream and non-alcoholic segments. The Group is also focused on growing its global brands in Russia. Its marketing efforts typically take the form of indirect marketing activities (such as outdoor digital advertisement) and below-the-line activities such as in-store consumer promotions, trade activities and sponsorships, with the Group seeking to increase its share in traditional trade and execute on improvements in modern trade.

AB InBev Efes employs direct order-taking in Moscow and covers neighbouring regions and other metropolitan cities by sales to authorised distributors. In Russia, the Group sells indirectly through 130 distributors and 78 customer accounts with direct distribution. AB InBev Efes also has sales teams in more than 100 cities and towns in Russia, including Rostov, Ufa, Ekaterinburg, Samara, Novosibirsk and St. Petersburg. In larger cities, the Group's own sales personnel are responsible for sales merchandising and order taking, while delivery and invoicing is made by third party distributors. AB InBev Efes also sells its products through authorised dealers pursuant to standard dealership agreements, generally for one to three-year terms. Prices reflect the prevailing factory price at the time an order is placed, with payment generally due at or before shipment. Dealers must usually provide a bank or other form of guarantee to AB InBev Efes. In locations where the Group does not use a hybrid system, sales personnel of the dealers are responsible for sales and order taking. Authorised dealers and distributors assume the risk of sale and collection of payment after products are delivered to them.

Ukraine

In March 2012, the Group entered the Ukrainian market by acquiring the Russian and Ukrainian brewing operations of SABMiller in connection with its strategic alliance with SABMiller. Prior to March 2012, the Group did not have a presence in Ukraine. After the merger with AB InBev in 2018, the Group became one of the largest brewers in Ukraine. During the three months ended 31 March 2021, AB InBev Efes' Ukrainian operations sold approximately 1.0 million hectolitres of beer, as compared to 1.1 million hectolitres during the three months ended 31 March 2020. In 2020, Efes Ukraine sold approximately 5.5 million hectolitres of beer, as compared to 5.6 million hectolitres in 2019.

Market Overview

The size of the beer market in Ukraine in terms of consumption is estimated by GlobalData 2020 to be approximately 16.4 million hectolitres with an annual *per capita* consumption of 41 litres in 2020. During 2020, the Ukrainian beer market contracted by low-single digits compared to 2019 as a result of the impact of the measures taken by the government to combat the COVID-19 pandemic.

AB InBev Efes is a market leader in the Ukrainian beer market, with a 32 per cent. market share by sales volume for the year ended 31 December 2020 according to Company estimates. The top participants in the Ukrainian market, including AB InBev Efes, Carlsberg, Obolon and MPK, accounted for over 91 per cent. of the market share for the year ended 31 December 2020. According to Company estimates, in 2020 three of the top ten beer brands in Ukraine were AB InBev Efes brands and they made up 16 per cent. of the market.

Facilities

Brewery	**Installed Capacity**	**Average Capacity Utilised, 2020**[(1)]
	(million hectolitres)	*(%)*
Chernihiv	2.2	80%
Kharkiv	4.3	57%
Mykolaiv	1.2	82%
Total	7.7	68%

Products

AB InBev Efes' products in Ukraine are packaged in cans, kegs, 33 and 50 centilitre glass bottles and PET containers. The following table sets forth the beer brands sold by AB InBev Efes in Ukraine by market segment:

Market Segment	Brand
Super Premium Brands......	Corona, Stella Artois, Hoegaarden, Leffe, Lowenbrau, Franziskaner Weissbier, Lowen Weisse, Cubanisto, Spaten, Goose Island, Helmanera, St. Pauli Girl, Belle-Vue, Pauwel Kwak, Triple Karmeliet, Jamonera, Birra del Borgo, Boddingtons, Miller, Essa, Efes
Premium Brands................	Bud, Stary Melnik, Velkopopovicky Kozel, Khmelevus, Taller, Essa, Chernigivske Maximum
Low Premium Brands........	Staropramen, Chernigivske Bile, Chernigivske Bila Nich, Chernigivske NA, Rogan NA, Rogan Veselyi Monakh, Belyi Medved Krepkoe
Core Brands.......................	Rogan Tradytsiyne, Chernigivske Mitsne, Beliy Medved Polyarnoe
Value Brands	Rogan Monastyrske, Chernigivske Svitle, Beliy Medved Svetloe, Zhigulivske Videnske, Yantar

In 2020, AB InBev Efes maintained its leading position in the Ukrainian market due to a focus on new product launches and the contribution of global brands to sales volumes. The Group increased its market share in sales through the traditional trade channel and the Group's brands, including Beliy Medved, Stary Melnik iz Dizhky, Stella Artois, Velkopopovicky Kozel and Corona, performed strongly.

AB InBev Efes looked to strengthen its position in the non-alcoholic beer market with the launch of Bud Zero 0.0 and Leffe Blond 0.0. The cider brand "De Sad" also had a strong launch and the Spanish craft beer La Virgen and Italian beer Birra del Borgo were introduced during the year.

Marketing, sales and distribution

The Group's marketing strategy in Ukraine is currently focused on the premium beer segment as well as strengthening AB InBev Efes' position in the non-alcoholic beer market. The Group is also focused on growing its global brands in Ukraine. Its marketing efforts typically take the form of indirect marketing activities such as TV advertising, in-store promotions and outdoor advertising such as billboards and sponsorships.

The Group sells its products across Ukraine through a network of distributors. The Group uses 37 authorised distributors and 11 direct distribution clients.

Kazakhstan

The Group entered the Kazakh market in 1996 by acquiring a brewing facility in Karaganda through a privatisation process. Efes Kazakhstan now also operates a brewery in Almaty. During the three months ended 31 March 2021, Efes Kazakhstan sold approximately 0.5 million hectolitres of beer, as compared to 0.4 million hectolitres during the three months ended 31 March 2020. In 2020, Efes Kazakhstan sold approximately 2.2 million hectolitres of beer, as compared to 2.1 million hectolitres in 2019.

Market Overview

The size of the beer market in Kazakhstan in terms of consumption is estimated by GlobalData to be approximately 5.3 million hectolitres with an annual *per capita* consumption of 28 litres in 2020.

Efes Kazakhstan is the market leader with a 47 per cent. market share in 2020 according to Nielsen. According to management estimates, in 2020 five of the top ten beer brands were Efes Kazakhstan brands and they comprised 34 per cent. of the market. During 2020, management estimates that the Kazak beer market declined by low-single digits due to the COVID-19 pandemic coupled with a marginal decline in purchasing power parity triggered by the depreciation of the local currency. The Group's core brands like Beliy Medved and Kruzhka Svezhego are the market leaders, with market shares of 11.6 per cent. and 10.2 per cent., respectively, according to Nielsen. Efes Kazakhstan and Baltic Beverages Holding, a subsidiary of Carlsberg ("BBH") are the two dominant participants in the Kazakh market. Most of the rest of the participants are local producers.

Facilities

The following table sets forth certain information about the two brewing facilities of Efes Kazakhstan:

Brewery	**Installed Capacity**	**Average Capacity Utilised, 2020[(1)]**
	(million hectolitres)	*(%)*
Karanganda	1.4	70%
Almaty	1.4	64%
Total	2.6	80%

Note:

(1) Total capacity is calculated by multiplying monthly capacity by 10, rather than 12, incorporating stoppage time for regular working shifts, maintenance and other activities.

Products

Efes Kazakhstan has two can lines, two glass lines and two keg lines which are produced at two breweries. The Group has a strong portfolio of brands, including Kruzhka Svezhego, Bely Medved, Karagandinskoye, Miller, Kozel, Bavaria, Efes, Amsterdam, Zhigulevskoye, Bremen, Khmelnoy Los', Slavna Praga, Stary Melnik, Shedry Pivovar, 13 Region and Leganda 777. The following table sets forth the beer brands sold by Efes Kazakhstan by market segment:

Market Segment	**Brand**
Super Premium Brand	Miller Genuine Draft
Premium Brands	Amsterdam Navigator, Efes Pilsener, Velkopopovicky Kozel, Bavaria Holland, Stary Melnik iz Bochonka, Bavaria Malt, Staropramen
Mainstream Brands	Kruzhka Svezhego, Bely Medved, Zhigulevskoe Razlivnoe, Karagandinskoye, Slavna Praga, Bremen
Economy Brands	Khmelnoy Los, Schedriy Pivovar, Bochkovoye, Leganda 777

In 2020, Efes Pilsener and Miller gained market shares in the premium and super premium segments by adding new flavoured products into the market under the core brand Kruzhka, particularly Kruzhka Lemon and Kruzhka Cranberry. Market share in the high alcohol by volume beer segment also increased in 2020. The economy and affordable premium segments recorded growth as result of a change in consumer preferences that resulted from the COVID-19 pandemic.

Marketing, sales and distribution

The Group's marketing strategy in Kazakhstan is currently aimed at promoting the full suite of the Group's products, increasing product penetration and availability to increase market share and differentiating itself through product development. As a result of a prohibition on alcohol advertising in Kazakhstan that came into force in 1997, the Group's marketing has consisted of advertising through packaging, indirect marketing activities, including trade marketing at points of sale below-the-line events and via digital platforms.

Kazakhstan has one of the largest areas of the markets in which the Group operates, therefore it is challenging to establish a comprehensive nationwide distribution. Despite these challenges, Efes Kazakhstan successfully distributes its good from its two breweries in Kazakhstan. Efes Kazakhstan operates a hybrid system whereby it is responsible for calling customers and taking orders. Finished goods are sold to distributors that are responsible for warehousing and delivering the goods to customers. The Group has relationships with 58 distributors, including direct partners in Kazakhstan. Distributors are supported, and their performance is monitored, by regional sales teams consisting of a manager, supervisor and sales representatives who are employed by Efes Kazakhstan. The sales teams supervise sales points, gauge the effectiveness of distribution, analyse local market trends and support distributors. Improvements in digital communications across all touchpoints during 2020 increased the Group's interactions with customers and consumers in Kazakhstan.

Georgia

The Group entered the Georgian market in 2008 through its acquisition of Lomisi Ltd., a leading Georgian brewer. With its strategic location between Europe and Asia and low *per capita* beer consumption rates, the Group sees strong potential in the Georgian market. During both the three months ended 31 March 2021 and the year ended 31 December 2020, Efes Georgia sold approximately 0.2 million hectolitres of beer and soft drinks. In both 2020 and 2019, Efes Georgia sold approximately 0.8 million hectolitres of beer and soft drinks.

Market Overview

The size of the beer market in Georgia in terms of consumption is estimated by GlobalData to be approximately 1.1 million hectolitres with an annual *per capita* consumption of 30 litres in 2020.

Management estimates that in 2020 the Georgian beer market remained flat as compared to the previous year as a result of the increase in the economy brand segment, despite negative impacts of government measures taken in response to the COVID-19 pandemic and lower tourism's effect on on-trade sales.

Efes Georgia ranks first in terms of market share by volume in Georgia, with a 32 per cent. market share for the year ended 31 December 2020 according to management estimates. In Georgia, the Group faces competition from local brewers such as the Georgian Beer Company, Global Beer Georgia and JSC Argo, as well as from various imported brands.

Facilities

Efes Georgia's brewery is located in the Mtskheta region of Georgia. It has a brewing and carbonated soft drink ("CSD") capacity of 2.0 million hectolitres per year and in 2020 average capacity utilisation of the plant (including CSD production) was 40 per cent.

Products

The Group's products are currently packaged in cans, kegs, 33 and 50 centilitre glass bottles and PET containers. The following table sets forth the beer brands sold by Efes Georgia in Georgia by market segment:

Market Segment	Brand
Premium Brands	Beck's, Corona Extra, Efes Pilsener, Franziskaner, Leffe, Miller, Stella Artois
Upper Mainstream Brands.	Staropramen, Lowenbrau
Mainstream Brands	Natakhtari, Natakhtari Extra, Karva, Radler, Kasris, Kasris Mild
Economy Brands	3D, Kaiser

Despite the COVID-19 pandemic, Efes Georgia continued its market investments and new product launches in 2020. The decline in purchasing power in the country resulted in the economy brand segment's growth in 2020. Competition in the mainstream and easy-to-drink segments also increased. The relaunch of Kasris Mild and Karva Radler contributed to increased volumes.

Marketing, sales and distribution

The Group's marketing strategy in Georgia is currently aimed at growing *per capita* beer consumption, increasing product penetration and availability, increasing market share and differentiating itself through product development. Its marketing efforts typically take the form of indirect marketing activities such as in-store promotions, outdoor advertising such as billboards and sponsorships, and direct marketing activities such as TV advertising.

The Natakhtari Beer brand's series of "The Knight in the Panther's Skin" has been awarded with the international "Cans of the Year Award" and the "World Beverage Innovation Award 2020".

Moldova

The Group entered the Moldovan market in 2003 through the acquisition of a brewery in Chisinau. During the three months ended 31 March 2021, Efes Moldova sold approximately 0.1 million hectolitres of beer and non-beer, as compared to 0.1 million hectolitres during the three months ended 31 March 2020. In 2020, Efes Moldova sold approximately 0.7 million hectolitres of beer and non-beer, as compared to 0.7 million litres in 2019.

Market Overview

The size of the beer market in Moldova in terms of consumption was estimated by GlobalData to be approximately 1 million hectolitres with an annual *per capita* consumption of 28 litres in 2020.

Efes Moldova is the largest brewer in the country, with a market share by volume of approximately 61 per cent. for the year ended 31 December 2020, according to Company estimates. Management also estimates that Efes Moldova's Chisinau brand is the best-selling brand in the market as a whole by both sales value and volume for as of 31 December 2020. In addition to Efes Moldova, the other two large international participants in the Moldovan market are Carlsberg and Molson Coors, which make up 77 per cent. of the market. According to Company estimates, in 2020 five of the top ten beer brands in the Moldovan market were Efes Moldova brands and they made up 52 per cent. of the market.

The Moldovan economy contracted in 2020 due to the COVID-19 pandemic and the effects of drought. However, the limited ability of Moldovan residents to travel internationally due to restrictions imposed in response to the COVID-19 pandemic led to an increase in the consumer base in Moldova, and as a result, the Moldovan beer market grew at a low-single digit rate in 2020. This increase is also due to favourable weather conditions, as well as a rapid recovery in sales volumes after a degree of relaxation in the restrictions.

Facilities

The Chisinau brewery has a brewing and CSD capacity of 1.5 million hectolitres per year. In 2020, average capacity utilisation of the plant was 49 per cent.

Products

The Group's products in Moldova are currently packaged in glass bottles, kegs and PET containers. The following table sets forth the beer brands sold by Efes Moldova in Moldova by market segment:

Market Segment	**Brand**
Super Premium Brands......	Corona, Franziskaner, Bavaria, Hoegaarden, Grolsch, Leffe
Premium Brands................	Radler, Kozel, Efes, Staryi Melnik
Upper Mainstream Brands.	Timisoreana, Jiguleovscoe Bocikovoe, Oettinger, Hopfenbrau
Mainstream Brands	Chisinau, Belyi Medved
Economy Brand.................	Camarad
Other..................................	Festival, Goldleaf, Kvassica

In 2020, the brand portfolio in Moldova was re-evaluated. Chisinau Ultra, which was recently released into the market, doubled its sales volume during the year. The main Chisinau brand's sale volume contribution to the mainstream segment also increased. The super premium portfolio accelerated its growth and strong results have been achieved in the alcohol-free segment, especially with Radler.

Marketing, sales and distribution

The Group's marketing strategy in Moldova is currently aimed at growing *per capita* beer consumption, maintaining market position and differentiation through product and service development. Its marketing efforts take the form of a variety of above-the-line efforts designed to promote its brands widely, such as billboard advertisements, and below-the-line efforts to create incentives to buy its products, such as point-of-sale displays. In 2020, new packaging was launched, addressing affordability and the premium segment focus, which contributed to the positive volume results.

Efes Moldova sells its products across Moldova through direct order-taking, while distribution is effected through authorised distributors. Efes Moldova uses approximately 12 authorised distributors and 10 direct distribution clients that are located in major cities of Moldova.

Turkey

The Company owns three breweries, two malteries and a hops processing facility in Turkey. Its wholly owned subsidiary, EFPA, is responsible for the conduct of the Beer Group's sales, marketing and distribution activities in Turkey.

During each of the three months ended 31 March 2021 and 31 March 2020, including exports, the total sales volume generated by the Beer Group's Turkey beer operations was approximately 0.7 million hectolitres. Including exports, the Beer Group's total sales volume was approximately 4.6 million hectolitres in 2020 compared to 5.4 million hectolitres in 2019.

For the three months ended 31 March 2021, the Beer Group's Turkey beer operations had net sales revenue of TRL 389.3 million, as compared to TRL 311.9 million for the three months ended 31 March 2020. In 2020, Beer Group's Turkey beer operations had net sales revenue of TRL 2,307.0 million, as compared to TRL 2,254.5 million in 2019.

Market Overview

The size of the beer market in Turkey in terms of sales volume is estimated to be approximately 8.7 million hectolitres with *per capita* consumption estimated to be approximately 11 litres according to Company estimates.

The Turkish beer market was adversely affected by the measures taken as a result of the COVID-19 pandemic, including an overall decline in consumer confidence and purchasing power parity due to weak macroeconomic conditions. The measures impacted on-trade sales points, which have a relatively higher share in total sales in Turkey compared to other countries in which the Group operates. Additionally, the slowdown in tourism put pressure on Turkey beer sales throughout 2020. Accordingly, the Turkish beer market is estimated to have declined by 1.2 per cent. in 2020.

The Group is Turkey's largest beer maker with a share of 55 per cent. of the Turkish beer market for the year ended 31 December 2020, as measured by sales volume, according to Nielsen. The Company's primary competition in the Turkish beer market is Turk Tuborg Bira ve Malt Sanayii A.Ş. ("Turk Tuborg"), a subsidiary of International Beer Breweries Ltd. Turk Tuborg primarily produces and sells Carlsberg's brands under license. Other competitors are smaller independent labels and direct imports. In Turkey, the Group competes on the basis of brand loyalty, availability, brand image and quality.

Facilities

The Group operates three breweries, two malteries and one hops processing facility in Turkey. In 2020, the Group had an annual total production capacity of 7.0 million hectolitres of beer and 115,000 tons of malt. The Group's Turkish beer operations are vertically integrated. In particular, the Group works with Turkish farmers, often using seed varieties it has developed, to secure its hops and malting barley requirements, and its facilities produce substantially all of the hops and malt that the Group needs for its Turkey beer operations. See "—*Research and Development*". The following tables set forth certain information about the facilities of the Group in Turkey:

Facility	**Type**	**Installed Capacity**	**Average Capacity Utilised, 2020**(1)
		(million hectolitres)	
Izmir	Brewery	2.87	56.0%
Ankara	Brewery	2.53	73.5%
Adana	Brewery	1.59	70.9%
Total		7.0	66%

Note:

(1) Total capacity is calculated by multiplying monthly capacity by 10, rather than 12, incorporating stoppage time for regular working shifts, maintenance and other activities.

Facility	Type	Installed Capacity	Average Capacity Utilised, 2020(1)
		(tonnes)	*(%)*
Konya	Maltery	80,000	76.7%
Afyon	Maltery	30,000	70.2%
Bilecik	Hops Processing	300 (as Pellet)	54.1%
Total		115,000	68%

Note:

(1) Total capacity is calculated by multiplying monthly capacity by 10, rather than 12, incorporating stoppage time for regular working shifts, maintenance and other activities.

Each of the Group's brewing facilities in Turkey have adjacent warehouse space.

Products

The Group's products in Turkey are packaged in cans, kegs and glass bottles. Management believes the Group has developed a brand portfolio that provides effective coverage of the beer market segments in Turkey. The following table sets forth the beer brands sold by the Group in Turkey by market segment:

Market Segment	Brand
Premium Brands.....................	Erdinger, Erdinger Dunkel, Miller, Duvel, Grolsch, Amsterdam Navigator, Bud, Corona, Leffe, Hoegaarden
Mainstream Brands	Efes Pilsen, Efes Light, Efes Xtra, Efes Xtra Shot, Efes Yüksek Alkollü Fiçi, Efes Malt, Efes Özel Seri, Efes Winter Blue, Efes Summer Blue, Bomonti, Bomonti Filtresiz, Bomonti Filtresiz Red Ale, Bomonti Filtresiz IPA, Bomonti Black, Beck's
Lower Mainstream Brands	Varim, Varim Limon
Economy Brands	Marmara Gold

For the three months ended 31 March 2021, Efes Pilsen and Efes Malt accounted for approximately 70 per cent. of the Group's sales volume in Turkey and Efes Xtra for approximately 9 per cent.

In 2020, Turkey beer sales volumes were negatively affected by the restrictions on off-trade sales points as well as on-trade sales points imposed by the government in response to the COVID-19 pandemic. Consequently, Turkey beer total sales volume were 13.6 per cent. lower than in 2019. However, despite the negative effects of the pandemic and the severe restrictions on sales points, the Group continued to invest in its brands, digitalisation and marketing in order to strengthen its ties with consumers. In the second half of 2020, the Group launched its new brewing technique "+1 Resting", which is the first in Turkey and the world. See "*—Research and Development*". In addition, the Group continue to offer its customers new seasonal products such as Efes Summer Blue, Varım Limon and Bomonti IPA.

Marketing, sales and distribution

The Group's primary strategy in the Turkish beer market is to grow the beer market and expand the beer culture by increasing both new product innovation and varieties. As part of this, the Group is seeking to increase its product visibility, introduce new marketing tools and new packs and multipacks as well as capture its share of the consumer trend toward premiumisation. In addition, the Group is seeking to maximise efficiencies and to refine and improve its brand management.

As part of its efforts to increase the retail presence of its products and grow the beer market, the Group has an initiative in Turkey to support the set-up of small retail outlets, called “Ekomini”, by independent entrepreneurs. The Group has over 2,000 Ekomini stores located across 80 cities.

The Group’s marketing, sales and distribution activities in Turkey are conducted by EFPA. EFPA controls a network of approximately 131 dealers and 23 distributors in 15 sales regions to supply customers across Turkey with the Group’s beer products. EFPA typically enters into a standard distributor agreement, generally for one year. EFPA also takes orders from its distributors in five of Turkey’s largest cities, including Istanbul, Ankara and Izmir.

Soft Drinks

The Group produces, sells and distributes Coca-Cola trademarked beverages, both sparkling and still, through CCİ, in which the Company holds a 50.3 per cent. interest. The Group has had a relationship with TCCC since the 1990s. CCİ operates the Coca-Cola franchise in Turkey and its subsidiaries and joint ventures operate the Coca-Cola franchises in nine other markets across Central Asia, the Middle East and in Pakistan.

CCİ is among the top ten bottlers in the Coca-Cola system as measured by sales volume, according to information provided to CCİ by TCCC. CCİ, which has 26 bottling plants, has operations in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan. It offers a wide range of beverages to a consumer base of over 400 million people. In addition to sparkling beverages, CCİ’s product portfolio includes juices, bottled waters, sports and energy drinks and iced tea.

CCİ, which is listed on the Borsa İstanbul, is an independent business from the Group’s beer operations. There is no shared management and CCİ is responsible for meeting its own capital expenditure and other working capital needs through its own cash flows and borrowings. As of 31 March 2021, there were no intercompany loans to CCİ and management does not currently anticipate providing any such loans. The Company receives monthly management accounts from CCİ.

Relationship with The Coca-Cola Company Bottler’s agreement

CCİ and its subsidiaries and joint ventures (CCİ’s “Bottlers”) are producers, distributors and sellers of products of TCCC. TCCC controls the global product development and marketing of its brands. CCİ and its Bottlers produce Coca-Cola, Fanta, Cappy and other trademarked beverages, develop local distribution channels and distribute their products to customers, either directly or indirectly through independent distributors. They also engage in local marketing and promotional activities and establish business relationships with local customers. The business relationship with TCCC is mainly governed by a bottler’s agreement (and a distribution agreement, if any) with respect to each country in which CCİ has soft drinks operations.

A bottler’s agreement is essential to participate as a bottler in the Coca-Cola system. The bottlers’ agreements are based on a standard form that TCCC uses with bottlers outside the United States and the European Union. TCCC has the right to establish in its sole discretion the prices of the concentrates and beverage bases purchased from it, or its authorised suppliers of concentrates and beverage bases, the conditions of shipment and the currency in which payment must be made. TCCC normally sets concentrate prices after discussions with CCİ so as to reflect trading conditions in the relevant country TCCC has no obligation to continue this practice. TCCC has the right to change the authorised suppliers and, at any time, revise the price of concentrate and the currency or currencies acceptable to it or its authorised suppliers. CCİ has a wide number of authorised suppliers to choose from across its markets. If CCİ or its Bottlers are unwilling to pay the revised price, TCCC may terminate the relevant agreement or withdraw its authorisation with respect to certain beverages.

Under the agreements, generally CCİ and its Bottlers have the exclusive rights granted by TCCC in their territories to sell the beverages covered by their respective agreements in containers authorised for use by TCCC. TCCC has retained the right, under certain circumstances, to produce and sell, or authorise third parties to produce and sell the beverages in any manner or form not specified in the agreement within the territories of CCİ and its Bottlers. CCİ and its Bottlers are prohibited from making sales of the beverages outside of their respective territories, or to anyone intending to resell the beverages outside their territories. The agreements also contemplate that there may be instances in which large or special buyers have operations transcending the boundaries of the territories of CCİ and its Bottlers and, in such instances, CCİ and its Bottlers agree to collaborate with TCCC to provide sales and distribution to such customers.

Any party to the relevant bottler's agreement may, with 60 days' written notice to the other parties, terminate the bottler's agreement in the event of non-compliance by another party with its terms so long as the non-complying party has not cured such non-compliance during this 60-day period. In addition, TCCC may terminate the relevant agreement upon the insolvency, bankruptcy, change of control or similar event of CCİ or its Bottlers. The bottler's agreements for Turkey, Pakistan and Kazakhstan expire in 2027, unless they are renewed by the parties. The agreement may be renewed at TCCC's discretion; CCİ does not have an automatic right of renewal. See "*Risk Factors—Risks Related to the Group's Business—CCİ and its Bottlers' agreements with The Coca-Cola Company are critical to the Group's business*".

Certain shareholding arrangements

CCİ has three classes of shares: the Company and EFPA hold the A Group registered shares ("A Shares"); TCCC, through The Coca-Cola Export Corporation ("TCCEC'') holds the B Group registered shares ("B Shares"); and the Company and EFPA together with the other shareholders also hold C Group bearer shares ("C Shares"). Each share is entitled to one vote at ordinary or extraordinary general meeting of shareholders. The holders of A Shares and the holders of B Shares have special rights and privileges, some of which are described below.

Appointment of the board of directors and the managing director. The board of directors is composed of twelve members elected by CCİ's shareholders at the general meeting. Seven members are elected from the candidates nominated by the majority of the holders of A Shares, one member is elected from the candidates nominated by the majority of the holders of B Shares and four members (the independent members) are elected from amongst the candidates nominated by any shareholder. CCİ's daily operations are administered by the managing director, who is appointed from a list of candidates nominated by those members of the board of directors of CCİ who were appointed by the holders of A Shares.

Directors' voting. Except for certain ''Major Decisions'' that require the approval of the directors elected from amongst the candidates nominated by the majority of the holders of B Shares, decisions of CCİ's board of directors can be taken by the affirmative vote of the majority of the members of the board of directors who are present at such meeting (unless a higher number of members must vote as prescribed by the Turkish Commercial Code and Turkish Capital Market Law). The "Major Decisions" include the establishment or dissolution of affiliates of CCİ that are deemed to be material transactions according to applicable capital markets regulations, capital expenditures above a certain threshold; investments in other entities above a certain threshold; the approval of business plans; the sale and donation of the immovables of CCİ and the establishment of mortgages over the immovables of CCİ above a certain threshold; proposals to amend CCİ's articles of association or CCİ's issued share capital; proposals to dissolve or merge CCİ; proposals to distribute additional dividends exceeding the statutory limitations set forth under the capital markets regulations; proposals to make any transaction or agreement between CCİ and shareholders holding at least 5 per cent. of the share capital of CCİ or their affiliates; and decisions to issue new securities above a certain threshold. The "Major Decisions" that are submitted for voting at the general meeting of shareholders (such "Major Decisions" include amendments to the issued share capital of CCİ and the dissolution or merger of CCİ) require an affirmative vote of shareholders who represent at least 80 per cent. of the A Shares and B Shares separately.

Transfer of shares in CCİ. Any amount of A Shares or B Shares in CCİ can be transferred by a shareholder to its respective affiliate, but if the transfer is to a third party then a shareholder can transfer its A Shares or B Shares if all A Shares or B Shares, as the case may be, are transferred in its entirety.

When contemplating a transfer of A Shares to a third party, a shareholder must first offer such shares to the holders of B Shares; and when contemplating a transfer of B Shares to a third party a shareholder must first offer such shares to the holders of A Shares. In each of these cases the non-selling shareholder has ninety days to accept the offer to purchase CCİ's shares from the other shareholder(s). There are no restrictions on the transfer of C Shares.

Holders of B Shares may demand the holders of A Shares to sell their A Shares to the holders of B Shares upon occurrence of certain events, which include an unresolved deadlock by the shareholders over any of the "Major Decisions", bankruptcy of the Company or any of its affiliates, a change of control of the Company or termination or non-renewal of any Bottler's Agreement signed between CCİ, TCCC and TCCEC. The holders of A Shares may demand that the holders of B Shares purchase their A Shares in the event that TCCC or TCCEC terminate or fail to renew any Bottler's Agreement other than as allowed by the Bottler's Agreement. In either case, the shares must be sold at a price to be agreed between the holders of A shares and the holders of B Shares; and failing an agreement by reference to the stock price of CCİ or, if this is not available, or the holders of A Shares are of the opinion that the price of shares in CCİ over the past three months is materially different from the value of CCİ, by referral to an audit firm. In the event that TCCC or TCCEC terminate or fail to renew any Bottler's agreements, the holders of B Shares will make a tender offer to purchase C Shares pursuant to applicable capital markets regulations.

Raw materials procurement

Raw material requirements comprise the ingredients required for production of beverages and materials required for packaging and labelling of beverages. The ingredients required for the production of beverages include concentrate, sweeteners, purified water and carbon dioxide. Packaging materials include cans, can ends, aseptic fibre packaging, returnable and non-returnable glass bottles, PET resin, labels, caps, crowns, cardboard and plastic film.

In compliance with the quality standards prescribed by its bottlers' agreements, CCİ and its Bottlers purchase all containers, closures, cases, aseptic packages and other packaging materials and labels from approved manufacturers. In addition, CCİ and its Bottlers coordinate with a cross-enterprise procurement group across the wider Coca-Cola network with respect to the purchase of certain materials, such as PET resin, cans and glass. As noted above, pursuant to the terms of the bottlers' agreements, concentrates and beverage bases are purchased from TCCC or a company designated by it.

Marketing, sales and distribution

Marketing efforts with respect to CCİ's products are divided into two types of marketing:

- consumer marketing, which targets the individuals who ultimately consume CCİ's products; and
- customer marketing, which targets the retailers and distributors to whom CCİ sell products for onward sale to consumers.

TCCC is generally responsible for, and pays for, brand promotion, sponsorships and other above-the-line marketing activities. Generally, TCCC focuses on consumer marketing, involving the building of brand equity, analysing consumer preferences, formulating the brand marketing strategy and media advertising design. The consumer marketing effort is carried out by TCCC, and includes television, radio and cinema advertising, particularly around significant events such as Ramadan and various music events in Turkey and CCİ's other markets.

CCİ is principally responsible for below-the-line marketing activities that are primarily designed to create incentives to buy its products, such as point-of-sale displays. CCİ concentrates on executing marketing activities at the customer level, involving the development of the relationship with its customers, occasion-based marketing at the point of purchase and carrying out other promotional activities to build a strong presence in the marketplace.

CCİ's sales and marketing strategy is to drive profitable volume growth by creating and supplying demand for its products and, in particular, by increasing the number of occasions during which consumers can enjoy them. Accordingly, CCİ aims to reach consumers wherever they are, with the right mix of brands, in the right packages (including availability of cold drinks for immediate consumption) and with a regionally tailored brand message that is relevant for the particular market.

The following table sets forth the principal brands in each of CCİ's markets:

Market	**Principal Brands**
Turkey	Coca-Cola, Coca-Cola Zero, Coca-Cola Light, Fanta, Sprite, Cappy, Schweppes, Sensun, Burn, Fuse tea, Damla, Damla Minera, Gladiator
Kazakhstan	Bonaqua, Bur, Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Fanta, Fuse Tea, Monster, Piko, Schweppes, Sprite
Kyrgyzstan	Bonaqua, Burn, Coca-Cola, Coca-Cola, Zero, Fanta, Fuse Tea, Piko Schweppes, Sprite
Azerbaijan	Bonaqua, Burn, Büyülü Bohça, Büyülü Kutu, Cappy, Coca-Cola, Coca-Cola Light, Coca-Cola Zero, CT, Doğadan, Fanta, Fuse Tea, Powerade, Sprite, Cappy Tempo
Iraq	Coca-Cola, Coca-Cola Light, Cystal, Fanta, Sprite, Sprite Light, Waha
Jordan	Coca-Cola, Coca-Cola Light Fanta, Sprite, Sprite Light, Cappy, Arwa
Tajikistan	Bonaqua, Burn, Coca-Cola, Coca-Cola Zero, Fanta, Fuse Tea, Piko, Sprite
Turkmenistan....................	Bonaqua, Coca-Cola, Coca-Cola Zero, Fanta, Sprite
Pakistan	Coca-Cola, Coke Zero, Dasani, Fanta, Sprite, Sprite Zero, Sprite Lemon Mint, Cappy Joosi

CCİ has designated different geographic sales regions in each of the countries in which it operates. Each has a sales manager who has responsibility for implementing CCİ's strategies at the local level and who leads a team of representatives responsible for sales, customer relations, merchandising and individual account management. In each of its markets, CCİ tailors its sales strategy to reflect the level of development and local customs in the marketplace. CCİ believes that its local sales management is in the best position to evaluate the particular circumstances of each market and address its particular needs. CCİ also uses key account management to build and reinforce strong relationships with its major customers. Key account managers work with customers to increase sales volume, revenue and category profitability by sharing their expertise in merchandising and supply chain management, and by helping customers through developing tailor-made promotions. Key account managers also negotiate the commercial terms of their relationship with major customers.

In Turkey, CCİ's sales force is organised by channel within each geographic region. The sales organisations outside of Turkey differ based on the geographic size of each country, the population density and the business opportunities. Generally, the bottling operation in each country has a sales and marketing manager who is responsible for the sales force.

Competition

The soft drinks industry is highly competitive. Soft drinks are offered by a wide range of competitors, including major international beverage companies such as the Pepsi Bottling Group and local beverage companies such as the Ülker Group in Turkey. In particular, CCİ faces price competition from local non-premium brand producers and distributors, which typically produce, market and sell sparkling and still beverages at prices lower than CCİ's, especially during the summer months.

Bottling Operations in Turkey

Overview

CCİ is the leading sparkling soft drinks bottler in Turkey, with a market share of 66 per cent. of the Turkish sparkling soft drinks market, as measured by sales volume for 2020, according to Nielsen. Turkey accounts for approximately 43 per cent. of the sales volume of the Group's Soft Drinks segment.

During the three months ended 31 March 2021, CCİ sold approximately 119 million unit cases in Turkey, as compared to 107 million unit cases during the three months ended 31 March 2020. In 2020, CCİ sold approximately 512 million unit cases in Turkey, as compared to 554 million unit cases in 2019.

Facilities

CCİ owns and operates ten bottling facilities in Turkey. The following table sets forth certain information about CCİ's bottling facilities:

Facility	**Installed Capacity (2020)**	**Average Capacity Utilised, 2020[(1)]**
	(mn unit cases)	*(%)*
Ankara	86.6	67%
Bursa	133.2	63%
Elaziğ	71.9	68%
Elaziğ (Water)	7.1	93%
Isparta	25.0	92%
İzmir	84.3	79%
Mersin	77.3	80%
Muğla	32.2	67%
Sakarya	33.8	59%
Tekirdağ	117.8	75%

Products

CCİ's product portfolio consists of sparkling beverages and still beverages, such as fruit juice, water, energy and sports drinks and iced tea.

The following table sets forth the products sold by CCİ in Turkey, their year of introduction in Turkey and (if relevant) the flavours in which they are currently offered:

Brand	Year of introduction	Flavours/Types
Sparkling Beverages		
Coca-Cola	1964	—
Sensun	1971	—
Fanta	1985	Orange, Lemon, Mandarin
Coco-Cola light	1986	—
Sprite	1987	—
Schweppes	1990(1)	Bitter Lemon, Mandarin, Tonic, Soda Water
Burn	2003	Blue, Berry
Coca-Cola zero	2008	—
Still Beverages		
Cappy	1994	Orange, Peach, Apricot, Sour Cherry, Multifruit, 100% Apple, 100% Orange, 100% Citrus Mix, 100% Peach, 100% Sour cherry, 100% Apricot, Tropic, Pulpy Orange, Sour cherry, Pineapple, Tomato, Apricot mix, Red mix, Yellow mix, Fruit Scherbet, Black mulberry, Fruit Beats, Lemonade
Powerade	2002	Ice Blast, Citrus Charge, Sun Rush
Damla water	2007	—
Damla Minera	2008	Strawberry, Apple, Lemon, Sour cherry
Gladiator	2020	—
Fuse Tea	2012	Lemon, Peach, Mango-pineapple, Watermelon

Note:

(1) Relaunch

CCİ sells Schweppes in various flavours pursuant to a separate agreement with Schweppes Holdings Limited, a subsidiary of TCCC. Under the agreement, if TCCC terminates CCİ's bottler's agreement for Turkey then Schweppes has the right to terminate its agreement.

Despite the unique challenges of 2020, CCİ proved its agility and adaptability by quickly responding to the COVID-19 pandemic and effectively adapting itself to the new operating environment. In 2020, CCI's consolidated sales volume declined by 1.9 per cent. supported by the strong performance of its operations outside of Turkey in spite of the negative effects of the COVID-19 pandemic. The Coca-Cola brand, which has a significant importance in operations, recorded an increase of 7.7 per cent. year-on-year with growth in all of its countries.

Sales volumes in Turkey decreased by 7.5 per cent. year-on-year in 2020, impacted by the COVID-19 pandemic due to the relatively higher exposure to on-premise sales. Utilising newly launched digital tools and infrastructure, such as CCİ Next which enables customers' self-service activities, enabled CCİ to mitigate the negative impact of the pandemic, move to a recovery, and achieve sustainable growth. Outside of Turkey, CCİ's sales volumes grew by 2.8 per cent. year-on-year, mainly supported by the increase in sales volumes at its Pakistani operations. Effective execution also contributed to CCİ becoming a category leader in sparkling beverages in Pakistan, its largest market outside of Turkey.

Marketing, sales and distribution

In Turkey, CCİ does not produce, sell or distribute its own brands or products from other companies unaffiliated with TCCC. Outside of Turkey, CCİ does not distribute any products produced in its Turkish plants; however, CCİ has received special authorisation under its bottler's agreement to sell products to a subsidiary of TCCC in Turkey for resale in the Turkish Republic of Northern Cyprus.

CCİ's marketing strategy in relation to sparkling beverages is to sustain volume and value growth by increasing the availability of its products, having consistent consumer communications across all media and effective segment-based pricing and packaging, as well as maintaining its presence across the range of sparkling beverages to enhance revenues from consumers at all income levels. Sparkling beverage consumption in Turkey grew by 5 per cent. in 2020 and decreased by 6 per cent. in 2019, according to Nielsen Retail Panel.

CCİ's leading sparkling beverages by sales volume in Turkey are Coca-Cola and Fanta. Other key brands in the sparkling category are Coca-Cola light, Coca-Cola Zero, Sprite, Schweppes and Burn. CCİ intends to continue its efforts to increase consumption of sparkling beverages in Turkey in general, as well as developing campaigns surrounding the launch of new flavours.

The variety of still beverages continues to grow in Turkey, with new products being brought to the market on a regular basis. Recent years have seen the relative importance of still beverages grow in CCİ's range of beverages offered in Turkey. This is partly attributable to changing consumer preferences as well as CCİ's increased emphasis on offering a wider variety of alcohol-free beverages. CCİ's still range of beverages includes fruit juices, nectars, iced tea, tea, sports drinks, energy drinks and water. In the three months ended 31 March 2021 and the year ended 31 December 2020, still beverages and water accounted for approximately 11 per cent. and 17 per cent., respectively, of CCİ's total unit case sales volume in Turkey.

In Turkey, CCİ's sales force is organised by channel within each geographic region and focuses on acquiring new customers and developing strategies with CCİ's customers to increase sales. CCİ's Home Office Delivery ("HOD") water business in Turkey has a separate, dedicated organization dealing with the sale and distribution of 19-litre refillable containers to the HOD market.

CCİ's distribution network in Turkey services its customers through its direct distribution system and through independent distributors. Most deliveries, whether made directly or through independent distributors, are made using Coca-Cola branded vehicles. As of 31 March 2021, there were approximately 1,651 Coca-Cola branded vehicles in Turkey, of which approximately 123 were in CCİ's fleet and the remainder were owned or leased by independent distributors.

International bottling operations

The Soft Drinks segment's international soft drinks operations, which are located in Central Asia, the Middle East and Pakistan, are conducted through CCİ's subsidiaries and joint ventures. Management estimates that CCİ is the largest sparkling soft drinks business operating in Central Asia and Pakistan. CCİ ultimately owns and operates the Coca-Cola bottling facilities in Kazakhstan ("CCİ Kazakhstan"), Pakistan ("CCİ Pakistan"), Northern Iraq ("CCİ NIQ"), Southern Iraq ("CCİ SIQ"), Azerbaijan ("CCİ Azerbaijan"), Turkmenistan ("CCİ Turkmenistan"), Kyrgyzstan ("CCİ Kyrgyzstan"), Jordan ("CCİ Jordan") and Tajikistan ("CCİ Tajikistan"). The

Group's operations in Pakistan, Southern Iraq and Turkmenistan are undertaken through ventures and arrangements with strategic partners.

CCİ's international bottling operations encompass 16 bottling plants with an annual production capacity of approximately 959 million unit cases. During the three months ended 31 March 2021, CCİ's international bottling operations sold approximately 161 million unit cases, as compared to 132 million unit cases during the three months ended 31 March 2020. In 2020, CCİ's international bottling operations sold approximately 672 million unit cases, as compared to 654 million unit cases in 2019.

The following table sets for certain information about CCİ's international markets and production operations:

Country	Production Capacity	Market Share (2020)	Number of Facilities (2020)	Percentage of Soft Drinks Segment Sales Volume (2020)	Products Produced
	(mn unit cases)	*(%)*		*(%)*	*(# of SKUs)*
Kyrgyzstan	18.5	59.5[(1)]	1	100	30
Azerbaijan	66.4	85.2[(2)]	1	100	72
Jordan	31.7	21.6	1	100	67
Turkmenistan	28.8	—	1	100	7
Iraq	157.5	41.8	3[(3)]	100	118
Pakistan	461.3	50.9	6	100	117
Kazakhstan	181.2	52.2	2	100	123
Tajikistan	13.6	—	1	100	38

Notes:

(1) No independent source available.

(2) Source: Nielsen.

(3) Two additional bottling facilities were acquired in connection with CCİ's acquisition of an effective interest of 65 per cent. of Al Waha for Soft Drinks, Mineral Water and Juices LLC. See "*Operating and Financial Review—Recent Developments*".

Pakistan

Overview

CCİ Pakistan ranks first in terms of market share by volume in Pakistan, with 51 per cent. for 2020, according to GlobalData. CCİ Pakistan was established in 1996 and was acquired by CCİ in 2008. During the three months ended 31 March 2021, CCİ Pakistan's total sales were approximately 82 million unit cases, as compared to 58 million unit cases during the three months ended 31 March 2020. In 2020, CCİ Pakistan sold approximately 325 million unit cases, as compared to 309 million unit cases in 2019.

Facilities

CCİ Pakistan operates six bottling plants in Lahore, Gujranwala, Faisalabad, Multan, Rahim Yar Khan and Karachi. The total bottling capacity of the six plants is 370 million unit cases and in 2020, the total average utilisation of the plants was 88.5 per cent.

Marketing, sales and distribution

CCİ Pakistan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts. CCİ Pakistan operates through approximately 520 distributors in Pakistan.

Kazakhstan

Overview

CCİ Kazakhstan ranks first in sparkling beverages in Kazakhstan, with 52.2 per cent. market share, according to Nielsen. CCİ Kazakhstan was established in 1994 and was acquired by CCİ in 2008. During the three months ended 31 March 2021, CCİ Kazakhstan sold approximately 39 million unit cases, as compared to 37 million unit cases during the three months ended 31 March 2020. In 2020, CCİ Kazakhstan sold approximately 143 million unit cases, as compared to 146 million unit cases in 2019.

Facilities

CCİ Kazakhstan operates two bottling plants located in Almaty and Nursultan. The total bottling capacity of the plants is 160 million unit cases per year and in 2020, total average utilisation of the plants was 92 per cent.

Marketing, sales and distribution

CCİ Kazakhstan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts and other retail outlets in the large cities of Almaty, Shymkent and Astana. CCİ Kazakhstan operates through approximately 66 distributors in Kazakhstan. CCİ Kazakhstan ships products by train and truck directly from its plant in Almaty and Nursultan.

Support from Anadolu Efes

The Company provides certain shared central support services to its Turkey beer and international beer operations. These services include all applicable headquarter support functions, depending on the need of the operations. The Company also provides central sales and marketing support across its beer operations, including for the sales and marketing of the Efes Pilsener brand to consistently reinforce the image of the brand as a premium international beer. The Company does not provide such central support to CCİ.

Intellectual Property

The Group owns the trademarks of all of the beer products that it produces and sells, except for certain international brands that the Group (i) produces under licensing arrangements, such as Miller, Bud, Beck's, Amsterdam Navigator, Bavaria, Timisoreana and Oetinger; or (ii) imports under distribution arrangements, such as Corona, Leffe, Hoegaarden, Grolsch, Duvel, Erdinger and Peroni. All the trademarks owned by the Group that are in use in Turkey are registered with the Turkish Patent Institute, or are the subject of pending applications, in the name of the Company, directly or indirectly through its subsidiaries. The Group has invested considerable effort in protecting its brands, including the registration of trademarks and domain names, and management believes that it has taken appropriate measures to protect all of its material intellectual property in the countries in which it is employed. See *"Risk Factors—Risks Related to the Group's Business—The Group is reliant on the reputation of its brands and the protection of its intellectual property rights"*.

In connection with the Group's soft-drink operations, CCİ and its Bottlers are party to certain bottling agreements with TCCC. TCCC is the sole owner of the trademarks that distinguish TCCC's beverage bases, syrups and beverages. CCİ and its Bottlers are prohibited from producing other products or packages that would imitate, infringe or cause confusion with the products, containers or trademarks of TCCC, or from acquiring or holding an interest in a party that engages in such activities.

Research and Development

Management considers research and development activities an important component of its business. Most research and development activities of the Group comprise continuing research and development work on improvements in raw materials, products, and packaging and production techniques for its beer operations.

Research and development activities of the Group are undertaken at facilities in Turkey, with the cooperation of several universities and the Ministry of Agriculture. The Group has been carrying out research and development work on barley, one of the most important inputs used in brewing, since 1982. The Group has developed 17 barley cultivars, all of which are registered in its own name. This research and development work as resulted in benefits such as the diversification and improvement of plant breeds, increasing crop productivity by 30 per cent and improvements in product quality. The Group also conducts intensive research in hops varieties with a view to improving their quality and yield and has patented several varieties with the Turkish Ministry of Agriculture. The Group evaluates on an ongoing basis the possible application of these products to its own production processes, under the coordination of the Efes technical directorate, which is located in Istanbul.

In Russia, the Group has implemented a smart agriculture programme with its partners. As part of this programme, the Group provides a smart barley tool that allows its partners to access the Group's barley knowledge and innovations and benchmark barley practices and performance and receive analytical data on the effectiveness of barley cultivation, including agro-technological information and insights. The Group also conducts satellite monitoring of most important indicators of yield growth and development, to forecast crop quality.

In 2020, the technical team developed a new brewing technique, "+1 Resting". The "+1 Resting" technique was certified by the VLB Berlin Institute and an international patent application was made. Management expects that the new technique developed by the Group's brewmasters is likely to be called a third brewing technique in the global beer industry's literature. In addition, the Group is accelerating the pace of the company's digital transformation.

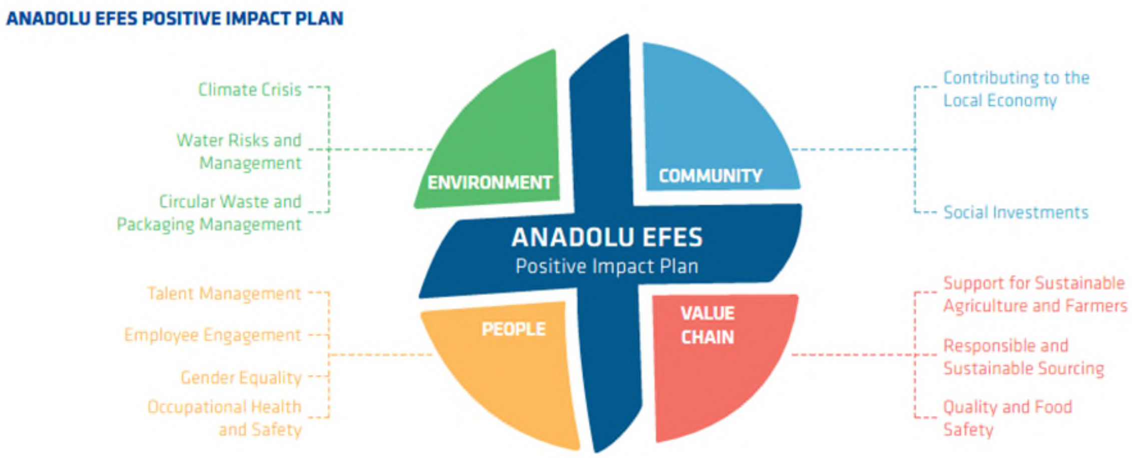
In addition, the Group's brewing companies share technical know-how through the Efes technical directorate. The Efes technical directorate oversees all of the design, implementation and development work of the Company's existing and new breweries. It also monitors and ensures that technical specifications for a given project are met and that construction is implemented as budgeted and scheduled.

Sustainability

Beer Group

The Beer Group focuses on increasing its positive impact on the environment, people, community and value chains. With the Beer Group's "Positive Impact Plan", the Company plans to enhance the Beer Group's impact by establishing collaborations and partnerships that increase its contribution to the United Nations' Sustainable Development Goals. The Beer Group's successful performance in dealing with sustainability issues has qualified the Company for inclusion in the Borsa İstanbul's BIST Sustainability Index since 2015 and in the FTSE4Good Emerging Markets Index since 2017. In order to qualify for the FTSE4Good Emerging Markets Index, the Group had to score highly in measures of environmental, social and governance ("ESG"). This requires strong policies, key performance indicators and practices in areas such as human rights, workplace safety and the environmental sustainability of the Group's supply chain.

The determination of sustainability strategies, targets and policies is one of the duties of the Global Sustainability Board Committee chaired by the chief executive officer and comprised of country managers together with directors from the supply chain, financial affairs and investor relations, human resources, corporate communications and relations, and risk management directors, which meets every three months. As reorganised in 2021, in each of the countries in which the Group operates there are environment and value chain employees, social investments, and integrated risk management committees which report directly to the Global Sustainability Board Committee. Each of these committees oversees the activities of subordinate working groups while the activities of the committees themselves are overseen by country executive committees and a functional executive committee. Country executive committee heads report to functional executive committee's heads, who in turn report to the Global Sustainability Board Committee.



People

Investing in its employees is one of the Beer Group's strategic priorities. The Beer Group offers an inclusive work environment that aims to achieve high employee engagement and equal opportunity while respecting diversity and focusing on development.

- *Talent management*: The Beer Group aims to attract the right people to the right positions and unlock potential through effective training and development opportunities. It emphasises training at every stage and level of an employee's career to prepare them for the future.

- *Employee engagement*: The Beer Group focuses on increasing the engagement and satisfaction of its employees with the goal of retaining talent. It prioritises making the business environment more dynamic and flexible across its operations.

- *Gender equality.* The Beer Group emphasises gender equality and inclusion. As a signatory of the United Nations Global Compact and United Nations' Women's Empowerment Principles, the Company is committed to providing a fair and equitable working environment that respects human rights. As of the end of 2020, 30 per cent. of the Group's employees and 40 per cent. of its management were women. Senior management has begun to work with the board of directors, to increase the representation of women in the organisation from 30 to 50 per cent. by 2030 and become certified in gender equality in all of its operations by 2023.

- *Occupational health and safety:* The Company considers the provision of a healthy, safe and ideal work environment to be one of its most fundamental responsibilities. It manages all of its operations with the goal of zero occupational accidents and diseases with a focus on creating and developing a strong occupational safety and health culture. 12 of the Beer Group's facilities have OHSAS 18001 or ISO 45001 certificates. During the last three financial years, the Group has not had any fatal accidents and its occupational disease rate, being the total number of occupational disease cases multiplied by 200,000 divided by total working hours, has been zero. Its accident frequency rate, being the number of injuries multiplied by 200,000 divided by total working hours, was 0.49, 0.71 and 0.96 during 2020, 2019 and 2018, respectively.

Environment

Environmental sustainability plays an important role in the Beer Group's operations. Eight of the Beer Group's 28 facilities are ISO 14001 certified and 10 are ISO 50001 certified.

- *Climate crisis.* The Beer Group actively monitors the greenhouse gas emissions and energy consumption from its operations and, where possible, chooses efficient technologies to decrease emissions and consumption.

- *Water risks and management*. The Beer Group uses large amounts of water in its production processes, particularly the growing and packaging of barley and hops. Accordingly, the Beer Group focuses on water efficiency practices and actively monitors its progress by setting targets. It has also made water management an individual performance indicator for its senior management.

- *Circular waste and packaging management*. The Beer Group also aims to decrease the amount of waste generated by its operations and improve its recycling rate. It is engaged in efforts to reduce the adverse environmental impact of waste generated by its operations.

Management has started to work with the board of directors on the Group's plans to have zero environmental impact with regards to carbon emissions and waste and also to become carbon neutral in all operations and become a certified zero-waste beer producer by 2030.

Value Chain

The Beer Group aims to strengthen all of the stakeholders in its value chain, sustain the land from which it sources its raw materials, protect its customers and consumers and offer safe, high quality products.

- *Supporting sustainable agriculture and farmers*. The Beer Group's sustainable agriculture practices are based on securing the supply of raw materials and supporting local development by empowering farmers. The Company also aims to reduce the environmental impact of agriculture and strengthen farmers financially using a contract farming model under which farmers plan production based on the Beer Group's purchase commitments. The Beer Group also provides to farmers certified seeds developed at its research and development facilities to growers in order to avoid external dependence on seeds. Through research and development, the Beer Group has developed drought-resistant products which require less water and energy.

- *Responsible and sustainable sourcing*. In working with its suppliers, dealers and distributors, the Beer Group emphasises that they should embrace the responsible business conduct of the Group. All suppliers are obliged to comply with the Group's Supplier Working Principles.

- *Quality and food safety*. The Beer Group prioritises quality and food safety. The Beer Group's production is in compliance with the ISO 9001 Quality Management System, the ISO 22000 Food Safety Management System and the HACCP standards.

Community

The Beer Group contributes to the local economy by working with local suppliers and creating employment. In its efforts to create a positive impact through social responsibility projects that are respectful of the values and culture of the places in which it conducts its operations, the Beer Group supports local entrepreneurs in the areas of sustainable tourism and agriculture and believes that theatre, cinema, sport and music are essential to a community's sociocultural progress. Senior management and the board of directors have started to work on the Group's plans to increase social impact through community investment projects in cooperation with credible non-governmental organisations.

- *The Future is in Tourism*: The Beer Group aims to promote sustainable tourism as an alternative sustainable development tool, support entrepreneurship in the development of local models and create job opportunities that empower women.
- *The Future is in Agriculture*: The Beer Group provides support to growers to spread the production of barley and hops, improve their productivity and profitability, and support their efficient use of natural resources.
- *The Future is in Entrepreneurship*: The Beer Group supports entrepreneurs through various platforms.
- *Culture and Arts*: The Beer Group believes in the critical role of art in the sociocultural development of society. Accordingly, it supports artists, art and culture ensembles across many fields ranging from cinema to theatre, visual arts to music and design.
- *Sports*: The Beer Group has supported basketball in Turkey since 1976 through its investment in the Anadolu Efes Sports Club.

Soft Drink Group

In order to ensure the sustainability of its operations, CCI believes that it is important to establish strong and effective dialogue with its stakeholders and include them in its sustainability strategy. Since 2013, CCI has prioritised its stakeholders and stakeholder communication channels by means of stakeholder mapping carried out in compliance with the Accountability AA1000 SES Standard and EFQM Company Excellence Model.

Consumer well-being

- *Product safety and quality.* CCI prioritises safety and quality in its products. The Coca-Cola System operating requirements, also known as KORE, are CCI's main reference for food safety and quality management, the environment and health and safety performance at its production facilities. Annual

KORE audits and assessments are carried out at each plant by TCCC's internal auditors to certify compliance with all requirements.

- *Total beverage portfolio:* CCI's goal is to offer affordable, accessible and innovative products for all lifestyles and needs. The key driver of this strategy is CCI's agile operations, including processes, tools and training that allows it to quickly respond to customer needs and market changes.

Customer value

- *Superior execution*. CCI's goal is to become a company that creates value for its shareholders and ensures long-term sustainable growth while being the preferred business partner of its customers.

- *Excellence in the supply chain*. CCI manages a large supply chain with significant social, environmental and economic implications. It traces all links in its value chain, closely monitors its targets and conducts operations in a manner in keeping with its sustainability policy and practices.

Human rights

- *Human rights across the value chain*. CCI endeavours to provide a place of work in which universal human rights are respected, and which is open, diverse and participatory. CCI has integrated human rights into its value chain, corporate values and sustainability strategy, and enumerates these rights in the policies that are transmitted throughout the organisation.

- *Diversity and inclusion*. CCI renewed its diversity and inclusion strategy in 2020 with the awareness that a diverse workforce and inclusive culture are the building blocks to achieve its vision and purpose.

- *Health & safety*. In 2020, while combating COVID-19, CCI's focus was on fostering a culture of safety under the motto "Stay Strong and Stay Healthy". It followed and continues to follow all information and measures published by national and international authorities.

Human capital

- *Talent management*. In achieving its goal of creating value and ensuring sustainable business results, CCI implements consistent standards, systems and processes to attract, develop, include and retain employees who practice CCI values and demonstrate leadership within the countries in which it operates. CCI uses a "Talent Segmentation Tool" to identify talent across the organisation in order to maintain a transparent, objective and fair identification process.

- *Employee engagement*. Because its employees are fundamental to its strategy, CCI focuses on developing employee loyalty through regular communication from senior management and surveys.

Community development

- *Economic impact*. While conducting and expanding its operations, CCI strives to create value for the communities in which it operates. CCI's operations create approximately 30,000 direct and indirect employment opportunities and enable TRL 4.1 billion of added value in retail business while generating income for approximately 160,000 farmers.

- *Volunteerism*. Encouraging and supporting volunteerism is one of the building blocks of CCI's organisational culture. The CCI Volunteers Initiative was launched in 2013. In 2017, CCI took the important step of establishing the CCI Volunteering Program to systematically encourage and support volunteering activities for all of its employees.

- *Community Investment*. In 2020, CCI's community investment projects focused on empowering youth and women.

Environmental footprint

CCI's primary goal is to grow by using less resources. Reducing a business' environmental footprint (e.g. consumption of raw materials and energy, water stewardship and the generation of waste) while growing economically is referred to as "decoupling". CCI believes that it successfully decouples economic growth from consumption of natural resources.

- *Energy management*. In 2020, CCI achieved energy savings of 330 million megajoules and reduced its carbon dioxide equivalent emissions to 45,000 tonnes by replacing liquid propane gas forklifts with electric forklifts and company vehicles with hybrid vehicles and changing out old cooling equipment.

- *Water management*. CCI aims to minimise the negative impact of its operations on water. CCI develops, invests in and carries out water conservation projects every year in order to ensure that water is used efficiently. Through water replenishment projects, approximately 12 billion litres of water have been recovered to date in the countries in which CCI operates. In 2020, it saved approximately 104,000 cubic metres of water.

- *Sustainable packaging*. CCI produces sustainable packaging in order to conserve resources and consume less energy. In 2020, CCI prevented the use of 411.4 tons of resin and 534 tons of glass and increased the recycled content of its plastic crates to 25 per cent. of the total. The use of returnable glass bottles in Turkey and Pakistan has avoided 67.590 tons of CO2 emissions and all CCI plants in Turkey conduct operations as "zero-waste" facilities.

Employees

The following table sets forth the distribution of the Group's full-time average number of employees by segment during the periods indicated:

	Three Months ended 31 March	**Year ended 31 December**		
	2021	**2020**	**2019**	**2018**
Segment				
Beer Group	8,555	8,723	8,807	9,128
Soft Drinks	7,712	7,945	8,221	8,332
Headquarters and other	140	129	110	100
Total	16,407	16,797	17,138	17,560

The Company estimates that in the Beer Group approximately 32 per cent. of its employees in Russia, approximately 34 per cent. of its employees in Turkey and approximately 32 per cent. of its employees in the Ukraine belong to a labour union. However, approximately 56 per cent. of Beer Group employees in Russia and Ukraine, approximately 36 per cent. of Beer Group employees in Turkey, approximately 25 per cent. of Beer Group employees in Kazakhstan and approximately 97 per cent. of Beer Group employees in Moldova benefit from collective bargaining agreements. Collective bargaining agreements are typically negotiated every two years. In Turkey, a collective bargaining agreement covering such employees is entered into every two years and under such agreement wage increases are generally linked to the inflation rate in Turkey.

On 16 March 2020, after negotiations between the Company and Tek-Gıda İş Sendikasi, the principal labour union of which the Group's employees in Turkey are members, within the framework provided by the collective bargaining agreement failed to reach an agreement or new terms, the union notified the Company of its intention to strike from 30 March 2020 if an agreement could not be reached. In response, the Board decided to implement a lockout on 23 March 2020. On 25 March 2020, the Company and the union agreed the terms of the current collective labour agreement.

The Company estimates that approximately 27 per cent. of Soft Drinks employees are unionised. CCI has a union representative in all of its plants in Turkey. Management believes that there is ongoing positive communication between CCI and the labour unions representing its employees on labour-related matters across its operations which has contributed to there having been no material disputes with employees or unions in the last three years. The collective bargaining agreement at CCI's plants in Turkey will expire on 31 December 2021. CCI is in the process of negotiating a new collective bargaining agreement at its plant in Pakistan plant after the previous agreement expired on 31 December 2020. Negotiations are expected to be concluded in June 2021.

The Group has not experienced any work stoppages resulting from labour union disputes. Management believes that the Group enjoys good relations with its employees.

Insurance

The Group maintains business interruption insurance, insurance for lost profits, earthquake insurance and third party and product liability insurance for its operations, as well as insurance coverage for incidents such as fire, flood, terrorism, machinery breakdown and personal accident. However, the Group has limited insurance coverage in respect of certain other risks, including product recall or receivables insurance, and may be subject to losses that are not covered, or not sufficiently covered, by insurance. Turkey operations have trade credit insurance coverage and CCI Turkey is the only operation with product recall insurance. In the event of severe damage to its facilities, the Group could experience disruption to its production capacity, for which it may not be compensated. See "*Risk Factors—Risks Related to the Group's Business— The Group's insurance coverage may not be adequate to protect it from the risks associated with its business*".

Legal matters

From time to time in the ordinary course of business, the Group is involved in legal proceedings relating to its activities. See "*Risk Factors—Risks Related to the Group's Business—The Group's operations may be limited by anti-trust regulations*". However, the Group has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Group is aware) during the last 12 months that have had, or that it expects in the future may have, significant effects on the Group's financial position or profitability.

REGULATION

As with other participants in the alcoholic beverage and soft drinks industries in Russia, Turkey, Ukraine and other countries, the Group's business is subject to certain regulatory requirements, including rules and regulations relating to production, distribution, marketing and advertising, food safety, health and safety at work and environmental matters. In many of the markets in which the Group operates, advertising, marketing and sales of alcoholic beverages are subject to various restrictions, including restrictions on the type of media used, as well as on the style of advertising and messages used. See "*Risk Factors—Risk Related to the Group's Business—Restrictions on beer advertising, sales or consumption may adversely affect the Group's business*". In addition, in many jurisdictions, excise and other indirect duties make up a large proportion of the cost of beer (and in Turkey, cola as well) charged to customers. See "*Risk Factors—Risks Related to the Group's Business—Legal, Regulatory and Tax Risks—The beer and beverage industry may be subject to adverse changes in taxation*". Furthermore, the Group is subject to antitrust and competition laws in various jurisdictions in which it operates and may be subject to regulatory scrutiny in certain of these jurisdictions. See "*Risk Factors—Risks Related to the Group's Business—The Group's operations may be limited by anti-trust regulations*".

The Group is also subject to varying environmental legislation and controls in each of the countries in which it operates. Environmental laws in the countries in which it operates relate to a number of matters, including the conformity of operating procedures with environmental standards regarding, among other things, the emission of gas and liquid effluents. The regulatory climate in most countries in which the Group operates is becoming increasingly strict with respect to environmental issues.

Set forth below is a summary of material provisions relating to the Group's operations in its key markets of Russia and Turkey in effect as of the date of this Prospectus.

Russia

Legal Provisions

The alcoholic products market, including beer and beer-based beverages, in the Russian Federation is regulated by the Federal Law "On the State Regulation of the Production and Trade of Ethanol, Alcoholic and Alcohol-Containing Products and Limitation of Consumption (Drinking) of Alcoholic Products" No. 171-FZ dated 22 November 1995"("Law on Alcohol"). The Russian Federation, along with Belarus, Kazakhstan, Armenia, Kyrgyzstan, is part of the Eurasian Economic Union ("EAEU"). The EAEU is a regional economic organisation with a common market and common legislation, which has priority over national legislation in member countries. The EAEU has adopted several technical regulations that are applicable to the production and sale of alcoholic products, such as the Technical Regulation of the EAEU "On food safety" No 21/2011, the Technical Regulation of the EAEU "On food labelling" No 22/2011 and the Technical Regulation of the EAEU "On the safety requirements of nutritional supplements, fragrances and technological supportive applications" No 29/2011. Separate provisions of state regulation regarding the production and trade of alcoholic products are also contained in other Russian laws such as the Customs Code of the Russian Federation, the Tax Code of the Russian Federation, the Federal Law "On Technical Regulation" No. 184-FZ dated 27 December 2002 and the Federal Law "On Quality and Safety of Food Products" No. 29-FE dated 2 January 2000.

The regulation of alcoholic products, including beer, in Russia will change in 2022. On 1 January 2022, the new Technical Regulation of the EAEU "On the Safety of Alcoholic Beverages" No 047/2018 will come into force. This regulation will cover the safety requirements applicable to alcoholic products within the EAEU, which will eliminate certain discrepancies in the classification of different alcoholic products, including certain types of beer-based beverages, and will introduce a new type of beer product.

The main authority that regulates and controls the alcoholic products market in Russia is the Federal Regulatory Service for Alcoholic Market (“FRSAM”). FRSAM was established by presidential decree on 31 December 2008. Its main functions include developing and realising state policies and regulations and controlling and rendering services in the area of producing and distributing alcoholic products. Pursuant to its regulatory powers, FRSAM has promulgated numerous regulations governing the activities of both alcoholic beverage producers and sellers.

Beer Production, Sales and Distribution

According to the Law on Alcohol, beer production and trade are not subject to licensing or marking. However, on 1 April 2021, the Russian government launched a trial in beer marking that will last until September 2022. A law on mandatory beer marking is expected to be adopted following the completion of the trial. The volume of beer and beer products supplied to wholesalers is required to be recorded and declared to FRSAM.

The Law on Alcohol imposes certain restrictions on the distribution of beer and beer products. Under the law, distribution is prohibited (i) in non-stationary retail facilities, and (ii) at night (from 11 p.m. until 8 a.m.) excluding on-trade. The Russian regions can set additional restrictions regarding sale times and sale facilities (except on-trade) or even ban the sale of alcohol under certain circumstances (except on-trade). Sales of alcoholic products are also prohibited in or near infant, educational and medical organisations, sport facilities and contiguous territories, cultural organisations (except for catering institutions), public transport, bus stops and petrol stations. Beer cannot be sold at military units, other places of mass accumulation of people or near sources of increased danger (lists of sources are determined by the authorities of the constituent entities of the Russian Federation).

Alcoholic products, including beer, cannot be sold to those under 18, by distance selling, in PET bottles larger than 1,500 millilitres or by on-trade facilities located in multi-apartment houses with customer service areas of less than 20 square metres (regions of Russia can set additional restrictions of alcohol sale in such on-trade facilities.

Beer Advertising

Russia has also imposed extensive restrictions on beer advertising, which include a ban on the broadcasting of beer commercials on television and radio, print media, transport vehicles, out-of-home advertising and publication on the internet, as well as limitations regarding locations of beer sales and consumption. However, the ban on beer advertising does not include the advertisement of non-alcoholic beer. Alcoholic beer can be advertised inside of premises where it is being sold, such as supermarkets or on-trade facilities.

Environmental Regulations, Health and Safety

In Russia, environmental matters are regulated by a number of different laws, including the Federal Law “On the Safety of the Environment” No. 7-FZ dated 10 January 2002, the Federal Law “On Air Security” No. 96-FZ dated 4 May 1999, the Federal Law “On Health and Hygiene Welfare of People” No. 52-FZ dated 30 March 1999, and the Federal Law “On Waste from Production and Consumption” No. 89-FZ dated 24 June 1998. Environmental matters are also regulated by the EAEU Technical Regulation “On food safety” No 021/2011 and, from 2022, the upcoming EAEU Technical Regulation “On the Safety of Alcoholic Beverages”. Additional laws also contain provisions on environmental regulation.

Beer must be produced, transported and preserved in accordance with federal standards and those of the constituent entities of the Russian Federation. Water and raw materials used in beer production must meet numerous health and hygiene rules. The Law on Alcohol and the Technical Regulation “On the Safety of Alcoholic Beverages” establish certain technical and technological requirements for producers and distributors of alcoholic products regarding premises, facilities and equipment. Waste management requirements must be met as well.

Product Liability

Russian legislation in the field of product liability is customer-focused and strict with regard to manufacturers, sellers and retailers. The main pieces of legislation are the Civil Code of the Russian Federation, the Federal Law "On the Protection of Customers' Rights" No. 2300-1 dated 7 February 1992, EAEU Technical Regulation "On food safety" No 021/2011 and the Federal Law "On Technical Regulation" No. 184-FZ dated 27 December 2002. The main governmental bodies responsible for the control of product quality and safety are the Technical Regulation and Metrology Federal Agency and the Federal Consumer Protection and Human Welfare Agency. All information and documents that these authorities request of manufacturers, sellers and importers regarding a product's quality and safety must be provided. Companies that violate food safety requirements are also subject to administrative fines imposed by state authorities.

If a product violates mandatory standards and technical regulations, rendering it a potential risk to consumers, then the proper authorities must be notified. The manufacturer must then develop and implement a plan of action to prevent or limit potential damage. If mandatory standards and technical regulations are found to have been violated, the authorities may recall the product from the market, at the manufacturer's expense. Personal injury and damage to property arising from product defects must be compensated in full. The claimant is entitled to claim damages for distress or mental anguish as well as damages for material loss.

Turkey

Tobacco Products and Alcoholic Beverages Market Regulatory Authority

As part of the process of meeting EU accession criteria, the Turkish government has gradually been privatising the alcoholic beverages market. Under the Law No. 4733 on Tobacco, Tobacco Products and Alcohol Market, as amended ("Law No. 4733"), the Tobacco and Alcohol Department under the Ministry of Agriculture and Forestry (*Tarım ve Orman Bakanlığı*) is responsible for monitoring and supervising the players in the alcoholic beverages sector.

The four main pieces of regulation are:

- Law No. 4250 on the Monopoly of Alcohol and Alcoholic Beverages ("Law No. 4250")
- Regulation on the Technical Conditions that the Alcohol and Alcoholic Beverage Facilities Must Bear and on the Procedures and Principles Concerning Their Foundation, Operation and Control ("*Facilities Regulation*");
- Regulation on the Methods and Essentials Regarding Domestic and Foreign Trade of Alcohol and Alcoholic Beverages ("*Alcohol Trade Regulation*"); and
- Regulation on the Procedures and Principles of the Sales and Advertising of Tobacco Products and Alcoholic Beverages ("*Sales and Advertising Regulation*").

Beer Production

Facilities Regulations

According to the Facilities Regulation, a production license must be obtained from the Ministry of Agriculture and Forestry for each production facility. Production licenses are issued for a maximum term of five years and have to be renewed at the end of their term. There is no minimum production capacity requirement for beer products. In cases where another alcoholic beverage or semi-finished product of the same category is added to the existing production line, the production capacity is increased or the production process is altered, the producers are required to apply to the Ministry of Agriculture and Forestry to obtain a project modification permit. The Issuer holds a separate production license for each of its three facilities. Each facility has been allocated its own annual production volume capacity in its production license, which are valid until 2023.

The Facilities Regulation contains detailed provisions with respect to certain technical and technological requirements (e.g., quality control system, equipment, and other) and waste management issues among others. Finally, any transfer of the ownership of the facility is subject to the Ministry of Agriculture and Forestry's prior written approval.

Food Regulations

Food manufacturers (including beverages) within the scope of Law No. 5996 on Veterinary Services, Plant Health, Food and Feed Law ("Law No. 5996") are required to, among other obligations, observe good manufacturing practices and establish necessary quality assurance, quality control and documentation systems. Food products cannot be produced, manufactured or supplied to the market unless they are in compliance with the Turkish Food Codex, which is similar to the Codex Alimentarius (i.e. the international food standards of the World Health Organisation). Three relevant pieces of the Turkish Food Codex are (i) the Beer Communiqué which provides the technical details in relation to the required alcohol ratios for beer and their categorisation as non-alcoholic beer, low alcohol beer, beer, and high alcohol beer, together with the standards for the content, packaging and labelling of beer products, (ii) the Communiqué on Non-Alcoholic Beverages which governs specific qualities of non-alcoholic beverages including juice, cola and other sparkling and still non-alcoholic beverages, and (iii) the Labelling and Consumer Information Regulation which mainly deals with more extensive requirements for labelling and packaging of food products in general. If there is sufficient doubt that the food product is safe, even though it satisfies the criteria set forth by the Ministry of Agriculture and Forestry, the supply of food into the market may be restricted or the relevant product may be recalled from the market.

Food manufacturers should also employ personnel with certain qualifications, meet certain labelling and chemical content requirements and keep their records in order to ensure food safety and traceability. The Ministry of Agriculture and Forestry is authorised to site-audit premises and take samples. In addition, the packaging, design, promotion and marketing of food products cannot be misleading for consumers.

Pursuant to the Regulation on Registration and Approval of Food Premises which is the secondary legislation of Law No. 5996, the Company must register all of its production facilities (e.g. malteries, breweries, hops or barley facilities) with the Ministry of Agriculture and Forestry. Provincial directorates can also conduct random inspections at their own discretion or following complaints. All of the Company's production facilities are registered with the Ministry of Agriculture and Forestry.

Under Law No. 5996, workplaces where food, and materials intended to come into contact with food, are produced, processed or distributed should obtain, depending on the field of activity, either an enterprise registration certificate (*gıda işletmesi kayıt belgesi*) or an enterprise approval certificate (*gıda işletmesi onay belgesi*) from the Ministry of Agriculture and Forestry. These workplaces should also be registered with the Ministry of Agriculture and Forestry. Enterprises engaged in the activities listed in Annex 1 of the Regulation on Registration and Approval Procedures of Food Enterprises are required to obtain an approval certificate, while all other enterprises should obtain a registration certificate. The same rule also applies to warehouses where food is stored, unless the warehouse is located within the production facility, in which case a separate certificate is not necessary.

Food enterprise approval or registration certificates are provided for an indefinite term, provided that there is no change in the field of activity, address of the facility or commercial title of the certificate owner and the minimum requirements of health and technical conditions are maintained, in which case such certificate should be renewed.

Under Turkish law, pursuant to the Grain Seed Certification and Marketing Regulation, among others, a plant breeder is entitled to register its variety with the Variety Registration and Seed Certification Centre provided that such seeds have not been sold or otherwise disposed within Turkey during the year prior to the registration application. The Company has registered certain types of barley and hops seeds with the Variety Registration and Seed Certification Centre. The duration of protection is 25 years from the grant of the right.

Sales and Distribution of Beer Products

Sales licenses

The Alcohol Trade Regulation restricts the sale of alcoholic beverage to license holders only and envisages a three-layer sale system. Accordingly, only producers or importers that have obtained an import approval certificate may sell domestically produced or imported alcoholic beverages in Turkey. This sale by producers and importers is restricted to holders of a "distribution competence certificate" issued by the Ministry of Agriculture and Forestry or to wholesale license holders. Such distributors and/or wholesalers may then conduct sales only to wholesalers, off-trade license holders or on-trade license holders (i.e., restaurants and other venues that serve alcoholic beverages) who then may sell to consumers. In this respect, Anadolu Efes, as a producer, sells its domestically produced beer products to EFPA, and EFPA, as a licensed wholesaler and importer, supplies domestically produced or imported beer products to wholesale and retail license holders.

In order to prevent illegal sales by unauthorised persons, the Tobacco and Alcohol Department of the Ministry of Agriculture and Forestry has established a monitoring system which can be accessed on its website. As part of this monitoring system, the Ministry of Agriculture and Forestry provides a publicly available list of wholesale, retail and on-trade license holders. In addition, both producers and importers must submit monthly sales reports evidencing their trade activities. Furthermore, in order to prevent illegal trade, the Ministry of Agriculture and Forestry makes frequent inspections to check whether alcoholic beverages bear specific barcodes as required under applicable legislation.

Beer imported into Turkey requires an import approval certificate issued by the Ministry of Agriculture and Forestry pursuant to the Alcohol Trade Regulation. The application for the import approval certificate has to include detailed information on the beer to be imported such as geographical indication, brand, label and bottle stopper of the product, together with the names and addresses of the producer. Furthermore, it is mandatory to prepare and place a Turkish label on the imported products.

The export of beer is regulated by the General Export Regulation and there are no specific provisions in the Alcohol Trade Regulation in this respect. Under this regulation, Anadolu Efes is liable for the quality of its products and all information and symbols included on product packaging both as the producer and as the exporter.

Sales restrictions

The Sales and Advertising Regulation provides limitations on the sale and advertisement of alcoholic beverages. Under the regulation, the sale of alcoholic beverages in buildings and facilities on highways, except those for residential areas and accommodating purposes, medical institutions, educational institutions, dormitories, stadiums and indoor sports clubs, Turkish local coffee houses (*kıraathane/kahvehane*), cafes patisseries, bezique and bridge halls and workplaces in fuel stations, is forbidden. Places in which alcoholic beverages are sold have to be at least 100 meters away from educational institutions, including private teaching institutions, dormitories and religious facilities. The distance requirement does not apply to the businesses with an additional tourism certificate. Alcoholic beverages may be offered openly for consumption in places where alcoholic beverage serving is permitted by an open sale license. However, alcoholic beverages may not be sold or offered for consumption outside of the boundaries of such facilities. Alcoholic beverages are required to be transported separately from other products. Alcoholic beverages may be sold to people over the age of 18 but cannot be sold between 10 pm and 6 am.

Separate licences must be obtained for the places in which alcoholic beverages are sold and stored. Amendments to the Regulation on Workplace Opening and Operation Permits have placed additional requirements on on-trade license holders. In order to apply to the Ministry of Agriculture and Forestry for an on-trade license, a business owner has to submit a workplace opening and operation permit issued by the competent authority that explicitly allows serving alcoholic beverages. Such authorities may grant these permits or certificates if the applicant is located within an area which is specifically allocated for serving alcoholic beverages (*içkili yer bölgesi*). The only exceptions are for tourist establishments holding tourism licenses issued by the Ministry of Culture and Tourism, which are exempted from obtaining separate permits from municipalities or other authorities. The alcoholic beverages can only be sold within the premises of the on-trade licence holders. The on-trade licence can only be transferred with the permission of the Ministry of Agriculture and Forestry, which issues a separate on-trade license if the requirements are deemed to be satisfied.

For premises located outside of municipal boundaries, it is necessary to obtain an unqualified opinion from the highest administrative authority as to public security and order in respect of the area in which the on-trade license will be used before applying to the Ministry of Agriculture and Forestry for an on-trade license.

Alcoholic products, including beer, from different alcoholic beverage companies are required to be available at off-trade alcoholic beverage sales points so as not to diminish the customer's ability to choose between different companies. However, according to sectoral regulations, on-trade alcoholic beverage sales points can exclusively offer the beer products of a single company. Nevertheless, entering into exclusive agreements for both on-trade and off-trade channels is substantially restricted in accordance with the Turkish Competition Authority precedents, but on-trade and off-trade retailers may freely choose to sell a single brand if they find commercially favourable terms to do so, without any prejudice to, and as far as producers, dealers, retailers and each relevant actor comply with, the requirements of the completion legislation and Turkish Competition Authority precedent.

Beer Advertising

Law No. 4250 regulates the procedures and principles regarding the production, domestic and foreign purchase and sale, distribution and pricing of alcoholic beverages. As such, alcoholic beverages cannot be advertised or promoted to consumers in any way. Campaigns, promotions and events that encourage the use and sale of alcoholic products cannot be organised. However, specialised fairs, scientific publications and activities can be organised exclusively for the promotion of alcoholic beverages at the international level. Those who produce, import and market alcoholic beverages cannot support any activity by using the brand, emblem or signs of their products. Brands, emblems and logos can be used in materials for service purposes in establishments that have on-trade license. Images that encourage alcoholic beverages cannot be displayed in TV series, movies and music clips.

In addition to the restrictions above, those who produce, import and market alcoholic beverages cannot distribute alcoholic beverages as incentives, gifts, giveaways, promotions or free of charge, and they cannot be sold or offered to consumers that are under the age of 18. People under the age of 18 cannot be employed in the production, marketing, sale and presentation of alcoholic beverages. Alcoholic beverages cannot be sold by vending machines. These products cannot be sold to consumers through the press or through broadcast media, and cannot be sent by mail order. Alcoholic beverages cannot be sold at retail locations between 10 pm and 6 am.

The Sales and Advertising Regulation prohibits establishing websites for the sale and advertisement of alcoholic beverages. However, alcoholic beverage producers may set up websites that are not accessible in Turkey for sales and advertising purposes abroad and alcoholic beverages may be listed on such producers' corporate websites and be accessible from Turkey as long as they do not include any advertisement, promotion or visual materials. Alcoholic beverage producers may set up a separate website for the sale of their alcoholic products to distributors with on-trade licences, but such a website must be password-protected and not accessible by consumers directly.

In addition, the Sales and Advertising Regulation imposes various restrictions on the promotion of alcoholic beverages, including in connection with shelf allocation, media and sports clubs. Restrictions on shelf allocation inside stores have limited the capacity of the areas in shops where alcoholic beverages are offered for sale. Alcoholic beverages are required to be placed in a separate section of the store, and goods concerning minors cannot be located near alcoholic beverages. Alcoholic beverage coolers must be located outside of the premises of the sales points, as long as they are not see-through and are not promoting the alcoholic beverages in any way. Also, alcoholic beverages cannot be offered for retail sale in a way that can be seen from the outside of the premises. Additionally, alcoholic beverages cannot be sold in premises located next to a sales point with products mainly directed at children, including but not limited to stationary, children's books and children's clothing. Alcoholic beverages also cannot be sold through vending machines, means of media or postal services.

The Sales and Advertising Regulation, in addition to Law No. 4250, prohibits the advertisement and promotion of alcoholic beverages to end-customers. However, it is possible to promote alcoholic beverages within the supply chain without the intention of influencing end-customers. Promotions must be aimed at promoting the characteristics of the product and providing accurate information in a way that will not result in any harmful effects to the public and must be done without any incentives or provocation aimed at influencing the public at large.

In addition, the Sales and Advertising Regulation prohibits the organising of campaigns, promotions and events that encourage or motivate the use and sale of alcoholic beverages. This covers all natural and legal persons in the supply chain. Nevertheless, expert fairs can be organised exclusively for the promotion of alcoholic beverages at the international level in addition to making relevant scientific publications.

Those who produce, import and market alcoholic beverages cannot distribute alcoholic beverages for any reason whatsoever, as incentives, gifts, giveaways, promotions or free of charge. Campaigns and promotions cannot be organized subject to the purchase of any alcoholic beverage and bundled sales are prohibited at all levels of the sales process.

Similarly, those who produce, import and market alcoholic beverages cannot display their brand, emblem or signs of their products at any event, except in service materials in workplaces holding on-trade license. In addition to this, words, figures, pictures and letters, including the brands, logos, emblems and signs of alcoholic beverages, cannot be kept inside or outside of workplaces, on showcases, signboards, sales units, coolers, or on any kind of portable or fixed material. Materials used for transportation or outer packaging, such as cases or boxes, with alcoholic beverage brands, emblems, logos or signs cannot be used for public display, except for logistics purposes. In line with the above, the companies in the alcoholic beverage sector cannot implement any practices for the purposes of brand recognition.

Export Regulations

The Export Regime Decision No. 95/7623 ("Export Regime Decision") and its consequent amendments are the basis of export regulation in Turkey. The Export Regime Decision determined the competent authority in export is the Ministry of Trade.

There are also different regulations that an exporter has to follow, such as the Decision on State Aid for Export, the Regulation on Determination and Administration of Quota and the Tariff Quotas in Export, Decree on Regulation of Border Trade, Communiqué on the Implementation of Border Trade, and the Communiqué on Goods Forbidden to Exports and Subject to Pre-Permission.

Environmental Regulations

The principal pieces of environmental legislation related to the operation of the Group’s facilities are the Environmental Law No. 2872 (the “Environmental Law”) and the Environmental Impact Assessment Regulation (the “EIA Regulation”). The Environmental Law sets out the general framework for environmental protection requirements and the consequences of non-compliance with these requirements, whereas the EIA Regulation governs the types of environmental impact assessment (“EIA”) studies (EIA report or project description report) and the contents of these studies, the administrative and technical principles and procedures applicable during an EIA process. The facilities subject to environmental impact assessment requirements are stated in the EIA Regulation.

The Environmental Law sets out the general framework of environmental protection requirements and the consequences of non-compliance with these requirements. Under the Environmental Law and other environmental regulations, environmental audits may be conducted by the relevant authorities and fines may be imposed for violations. Any activity in breach of the Environmental Law may be subject to suspension.

The EIA Regulation regulates the application and substance of environmental impact assessments on certain projects. Entities whose activities fall within the scope of the EIA Regulation are required to obtain the approval of the Ministry of Environment and Urbanisation prior to commencement of operations or any modification or capacity increases to existing operations. Without EIA approval or a decision that an EIA is not necessary, entities may have their activities suspended and may be subject to fines amounting to 2 per cent. of the total capital investment for the relevant project. In such event, the investor is obligated to reinstate the area of activity.

The Environmental Permit and License Regulation regulates the separate licenses, permits, approvals and authorisations that are required to be obtained under the Environmental Law, thereby streamlining the process for obtaining environmental licenses and permits. Pursuant to this regulation, all environmental permits that are required for the activities of a specific facility (for example, emission permits, wastewater discharge permits, noise control permits and hazardous waste permits) are granted under one environmental permit or environmental permit and license, and the holders must comply with all the requirements of the relevant environmental regulations governing such permit or license. Both the environmental permit and the environmental permit and license are valid for a period of five years. A new permit must be obtained if there is a change in the nature or the location of the activities or in the enterprise's fuel and/or combustion system or an increase in the total production capacity or total burning thermal power of the enterprise by at least one third.

Product Liability

The main body of legislation regulating product liability in Turkey is the Law No. 6502 on the Protection of Consumers (the “Consumer Law”), which aims to protect consumers’ health, safety and economic well-being by imposing personnel training and disclosure requirements, as well as measures for the prevention of environmental hazards and compensation of consumers for damages that they might suffer.

Under the Consumer Law, the main responsibilities of a merchant are to protect the consumer and make any necessary disclosures to this end. If a product differs in any way in quality (including physical, legal and economic defects) or quantity from what has been advertised through any means by the merchant, the product is considered defective. In this case, the consumer has the right to choose between any of the following options: (i) terminate the agreement between the consumer and the merchant and request a full refund, (ii) exchange the defective product for a new one, (iii) request a deduction from the price for an amount equal to the value of the defect, or (iv) request a free repair. The consumer may further claim compensation from the manufacturer for death, personal injury and/or damage to other goods caused by usage of the defective product. The manufacturer, merchant, distributor, agent and importer are all severally responsible to the consumer pursuant to the Consumer Law.

The Consumer Court is the competent court for resolving disputes arising under the Consumer Law. If the Consumer Court rules that a certain product is defective, its production and sale may be temporarily suspended. If the defect is not remedied within three months from the Consumer Court's ruling, the product shall be confiscated and destroyed, if necessary. The consumer's right to claim damages is reserved. The consumer arbitration committee is an institution which has been established at the local level in Turkey to resolve disputes arising between consumers and retailers. This committee's decision is final in cases that involve small monetary claims, and its decision can be used as evidence in consumer courts in cases involving higher monetary claims.

Other than above, the food manufacturers are obliged to notify the Ministry of Agriculture and Forestry in case a defective product within the scope of food regulations, and recall such batch.

Health and Safety

Law No. 6331 on Work Health and Safety provides for more stringent health and safety requirements in production facilities in general. Accordingly, all corporations operating production facilities have to set up work health and safety units, employ workplace doctors and either employ or outsource occupational safety experts. Also, employers are obliged to have (or appoint, if election is not possible) one or more "employee representative(s)" elected from their employees.

Excise Taxation

In Turkey, the sale and delivery of beer and other alcoholic beverages are subject to excise taxes, as well as general and special consumption taxes such as VAT. Following the enactment of Law No. 6322, beginning on 1 January 2013, a lump-sum excise duty levied on alcoholic beverages has been adjusted in line with the change in the PPI for each six month-period (in January and July). This adjustment is made automatically upon the official declaration of the PPI by the Turkish Statistical Institute. However, the Ministry of Finance has the right to enact additional excise tax increases (or decreases, if deemed necessary).

The president has the authority to determine public expenditures and borrowings in light of the economic conditions in the country. Article 12 of the Excise Duty Law authorises the president to adjust, in a limited manner, the tax rates and fixed (minimum) amounts set for the goods in the List No. (III) of the Excise Duty Law, which includes tobacco and tobacco products and alcoholic beverages.

Anti-trust Law

Turkish anti-trust (competition) laws and regulations are similar to those of the European Union. An entity in a dominant position within a certain market, such as EFPA in the Turkish beer market and CCİ in the Turkish soft drinks market, have to comply with the restrictions imposed by Turkish anti-trust regulations and are under close scrutiny of the Competition Board due to such dominant position in the relevant product markets. All activities such as abuse of dominant position, anticompetitive arrangements, and completing mergers and acquisitions without obtaining the approval of the Competition Board (when such approval is required) lead to an investigation and might cause a monetary fine at rates calculated on the basis of the turnover of the concerned company. The fine can vary depending on the type and duration of a violation.

Dominant position

According to Law No. 4054 on the Protection of Competition, dominant position means "the power of one or more undertakings in a particular market to determine economic parameters such as price, supply, the amount of production and distribution, by acting independently of their competitors and customers". The abuse of the dominant position by an undertaking in a market for goods or services within the whole or a part of the country on their own or through agreements with others or through concerted practices, is illegal and prohibited. Due to the leading position of the Issuer in the Turkish beer market, the Turkish Competition Authority may deem that the Issuer holds a dominant position in the future as it did in its past decisions in 2018 and 2005.

A company with a dominant position is prohibited from abusing its dominant position in Turkey through agreements with others or through concerted practices. In particular, such a company is prohibited from preventing other companies from entering the relevant market; from frustrating activities of competitors in the market; directly or indirectly discriminating by offering different terms to purchasers with equal status for the same and equal goods; or restricting production, marketing or technical development to the prejudice of consumers.

It is illegal and prohibited for one or more undertakings to merge, or to acquire assets, or all or part of the partnership shares, or instruments conferring executive rights over another undertaking, where these would result in a significant lessening of effective competition within a market for goods or services in the entirety or in a portion of the country, particularly in the form of creating or strengthening an existing dominant position.

Anticompetitive agreements and concerted practice between market participants

The Law on the Protection of Competition No. 4054 prohibits agreements and concerted practices between companies, and decisions and practices of associations of companies that are aimed at effecting or are likely to effect the prevention, distortion or restriction of competition directly or indirectly in a particular relevant market. In particular, the following practices and conduct are prohibited: fixing the purchase or sale price elements such as cost and profit; partitioning markets for goods or services; controlling the amount of supply or demand in relation to goods or services; restricting access of new entrants to the market or obstructing competitor activities; and creating resale price maintenance (including, setting profit margin and certain rebates while following the recommended prices).

Law on Intellectual Property

Turkish intellectual property law is based mainly on Law No. 6769 on Industrial Property and Law No. 5846 on Intellectual and Artistic Works, alongside international agreements. Intellectual property rights in Turkey are generally harmonised with EU regulations. In Turkey, there is some degree of protection for unregistered trademarks under the unfair competition provisions of the Turkish Commercial Code No. 6102. However, registering the trademark can provide additional benefits as registration can ease the enforcement of rights. Once registered, a trademark is valid for 10 years from the date of application. It can be renewed indefinitely, for a further 10 years each time.

Law on the Protection of Personal Data

As part of its legislative reforms to align with the EU regulations, Turkey has adopted an extensive data protection regime. The Law on the Protection of Personal Data (the "Data Protection Law"), which came into force on 7 April 2016, regulates the personal data of real persons and its protection, process and transfer. The Data Protection Law introduced several obligations for processing and transferring personal data, including fair and lawful processing, the protection of personal data, a consent requirement, providing notice of processing, and registration with the Data Protection Authority ("DPA"). According to the Data Protection Law, the DPA is authorised to impose sanctions and precautions, as well as administrative fines which are determined in the Data Protection Law.

The Data Protection Law also determines the rights of the person whose data is processed, such as the right to request information with regard to the processing of their data, the right to know the third parties within or outside Turkey to whom their data is transferred, the right to request correction of their data if it is incomplete or inaccurate, the right to request deletion or destruction of their data in accordance with the Data Protection Law and notification of such actions to third parties, who received their data from the data controller, the right to object to the consequences that are to their detriment, as a result of the analysis of their data solely by automated means and the right to claim indemnification if they suffer damages due to illegal processing of their data.

Pursuant to the Regulation on the Data Controllers Registry, all data controllers are obliged to register with the data controllers' registry kept by the DPA unless they are exempted from registration by the DPA. Accordingly, the DPA maintains a data controller registry titled "VERBIS" (a Turkish acronym for "Data Controllers Registry Information System"), which is an online system where data controllers may complete their registration by providing categorical information and details on their data processing activities. The information on the system becomes public once registration is complete. The DPA provided certain exemptions for local data controllers in Turkey (i.e. local data controllers) but foreign data controllers are expected to register without any exemption. Data controllers, which are obliged to register with VERBIS, are also required to prepare a personal data processing inventory that includes the purposes for processing personal data, data categories, legal basis, data subject groups, recipients of data, the maximum retention period of the data and measures taken regarding the data security. The deadline for registering with VERBIS has been extended until 31 December 2021. Both the Issuer and EFPA have registered with VERBIS in 2020.

In addition to the aforementioned regulation, under the Regulation on the Deletion, Destruction and Anonymisation of Personal Data, data controllers obliged to register with VERBIS are also required to prepare a personal data deletion and disposal policy pursuant to which they determine certain details and principles with respect to retention and disposal activities, such as maximum retention periods, roles and responsibilities of those involved in the relevant processes, techniques used for retention and disposal along with relevant security measures.

Amendments to the Turkish Insolvency and Restructuring Regime

The Enforcement and Bankruptcy Law No. 2004 prevents a contractual arrangement by which a contractual event of default clause is stipulated to be triggered in the event an application is made by a Turkish company for debt restructuring upon settlement (*uzlaşma yoluyla yeniden yapılandırma*) within the scope of the law. The law was amended on 15 March 2018 to state that, *inter alia,* the contractual termination, default and acceleration clauses of an agreement cannot be triggered in the event that the debtor makes a concordat application and such application shall not constitute a breach of such agreement.

Ukraine

Legal Provisions

In Ukraine, the principal regulations pertaining to alcoholic beverages, including beer, are set out in the Law of Ukraine "On State Regulation of Production and Circulation of Ethyl Alcohol, Cognac, and Fruit, Alcoholic Beverages, Tobacco Products And Fuel" No 481/95-VR dated 19 December 1995 (the "Law on Alcohol Regulation"), while general regulations for the food and beverage industry are prescribed in the Law of Ukraine "On the basic principles and requirements for food safety and quality" No. 771/97-VR dated 23 December 1997, the Law of Ukraine "On consumer protection rights" No 1023-XII dated 12 May 1991, and the Law of Ukraine "On information for consumers on food" No 2639-VIII dated 6 December 2018. As beer is an excisable product, it is also regulated by the Tax Code of Ukraine No 2755-VI dated 2 December 2010.

On 1 September 2017, the Association Agreement between Ukraine and the European Union entered into force. Accordingly, Ukraine must harmonise its legislation with EU regulation of food and beverage and the taxation of alcoholic beverages.

The principal regulations of the Ukrainian beer market are:

- On the parliamentary level: Committee on Finance, Tax and Customs Policy, Committee on Economic Development, Committee on Environmental Policy and Nature Management, Committee on Ukraine's Integration with the European Union

- On the governmental level: Ministry of Economic Development, Trade and Agriculture, and its State Service of Ukraine on Food Safety and Consumer Protection, Ministry of Finance, and its State customs service, and State Tax Service; Ministry of Environmental Protection and Natural Resources; Ministry of Development of Communities and Territories; Ministry of Health; Ministry of Energy; Ministry of Digital Transformation.

Excise Taxation

In Ukraine, the production and sale of beer and other alcoholic beverages are subject to excise taxes as well as general and special consumption taxes such as VAT. The current excise tax rate for beer production is 2.78 UAH per litre of beer, and 5 per cent. for the sale of beer, and general VAT is 20 per cent. of the price. According to Ukrainian legislation, the Ministry of Finance has a right to change the rate by adjusting it in line with the inflation rate.

Due to the Association Agreement between Ukraine and the European Union, Ukraine must harmonise its legislation for beer taxation in line with Council Directive 92/83/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages. In order to fulfil Ukraine's international obligations, the Cabinet of Ministers of Ukraine must submit a Draft Law “On Amendments to the Tax Code of Ukraine on Beer Taxation” to the Verkhovna Rada of Ukraine by June 2021.

Beer Production

According to the Law on Alcohol Regulation, the production of beer is subject to licensing. To obtain a license, beer producers must submit an application for a certificate of production for each brewery to the State Tax Service and have an agreement with an accredited laboratory (in the absence of its own accredited laboratory). The license is valid for 5 years, after which the entity needs to re-apply for the license.

Beer Sales and Distribution

The retail and wholesale trade of beer is also subject to licensing under the Law on Alcohol Regulation. The law imposes certain restrictions on the distribution of beer with alcohol content of more than 5 per cent and other alcoholic beverages. The sale of beer is prohibited:

- to underaged persons (under 18 years of age);
- by underaged persons (under 18 years of age);
- in the vicinity and on the premises of educational institutions, healthcare facilities, excluding restaurants located on the premises of sanatoriums;
- on the premises of specialised trade organisations engaged in the trade of children's products or sporting goods, as well as in the relevant departments of universal trade organisations;
- indoor sports facilities (except for beer in plastic containers);
- in places of children’s sports competitions;
- from vending machines;
- out of the hands;
- in places not defined for such trade.

In addition, local authorities may impose special requirements for alcoholic beverage production, such as prohibiting sales from 10 pm until 10 am.

Beer Advertising

Advertising of alcoholic beverages is prohibited:

- on the radio and television from 6 am to 11 pm;
- on the first and last pages of newspapers, on the covers of magazines and other publications, in all children and youth publications, on the children and youth pages of any printed publication;

- in all print media, except for specialized publications;
- by means of indoor advertising;
- with the help of promotional activities, except for special exhibition events for alcoholic beverages;
- on the external and internal surfaces of public vehicles and the subway;
- by means of outdoor advertising;
- on goods and in printed publications intended mainly for underaged persons, or in parts of other printed publications intended for these persons;
- with the use of underaged persons (under 18 years of age) as models;
- containing images of the process of consuming alcoholic beverages;
- located within 300 meters of direct visibility from preschool institutions, secondary schools and other educational institutions where underaged persons study;
- to form the opinion that alcohol consumption is an important factor in achieving success various spheres of life;
- to give the impression that the use of alcoholic beverages will help to solve personal problems;
- to form the opinion that alcohol products have medicinal properties or that they are stimulants or sedatives;
- to encourage the use of alcoholic beverages or negatively assess abstinence from alcoholic beverages;
- to contain images of doctors and other medical professionals, as well as persons whose appearance mimics the appearance of doctors;
- to give the impression that most people drink alcohol.

Environmental Regulations, Health and Safety

Environmental matters are primarily regulated by the Law of Ukraine “On Environmental Protection” No 1264-XII dated 25 June 1991, the Law of Ukraine “On Environmental Impact Assessment” No 2059-VIII dated 23 May 2017, the Law of Ukraine “On Air Protection” No 2707-XII dated 16 October 1992, the Law of Ukraine “On Waste” No 2707-XII dated 16 October 1992, the Land Code of Ukraine No 2768-III dated 25 October 2001 and the Water Code of Ukraine No 213/95-VR dated 06 June 1995.

Health and safety issues are regulated by the Labour Code of Ukraine No 322-VIII dated 10 December 1971, the Law of Ukraine “On Labour protection” No 2694-XII dated 14 October 1992, the Law of Ukraine “On Ensuring Sanitary and Epidemiological Welfare” No 4004-XII dated 24 February 1994, the Law of Ukraine “On withdrawal from circulation, processing, utilization, destruction or further use of low-quality and dangerous products” No 2042-VIII dated 19 May 2017 and the Law of Ukraine “On state control over compliance with legislation on food, feed, animal by-products, animal health and welfare” No 2042-VIII dated 18 May 2017.

Beer must be produced, transported and preserved in accordance with state standards and technical requirements in Ukraine. Water and raw materials used in beer production must meet numerous health and hygiene rules.

According to the Association Agreement between Ukraine and the European Union, Ukraine is obliged to harmonise its legislation on waste management. The respective draft law is under parliament discussion, and it aims to introduce the hierarchy of waste treatment and install the legal framework for the realisation of extended producers responsibility.

MANAGEMENT AND CORPORATE GOVERNANCE

Board of Directors

The Board of Directors is responsible for the management of the Company's operations. It is vested with the broadest powers to take any actions necessary or useful to fulfil the Company's corporate purpose, with the exception of actions reserved by Turkish law or the Company's articles of association to the General Assembly. The Board of Directors must consist of a minimum of 7 directors and a maximum of 13 directors according to the Company's articles of association. All members of the Board of Directors may be appointed and/or dismissed by the General Assembly, for a period not exceeding 3 years and until their successors are elected. The Board of Directors may deliberate and act validly only if the simple majority of its members are present. Decisions of the Board of Directors are taken by a simple majority of the votes validly cast by the members of the Board of Directors present or represented. Each director's term expires at the annual General Assembly in the year indicated below. Directors whose term has expired may be re-elected. Any director may be removed at any time from his or her office by a resolution of the General Assembly if the meeting agenda contains a provision in this respect or, even if not included into the meeting agenda, if the dismissal is based on a justified reason.

The table below sets forth the names, respective ages, positions, year of election and terms of office of the current members of the Board of Directors as of the date of the Prospectus.

Name	Age	Position	Year of Appointment	Expiration of term of office
Tuncay Özilhan	73	Chairman	2021	2022
Kamilhan Süleyman Yazici	41	Vice Chairman	2021	2022
Jason Gerard Warner	48	Board Member	2021	2022
Talip Altuğ Aksoy	50	Board Member	2021	2022
Rasih Engin Akçakoca	69	Board Member	2021	2022
Agah Uğur	64	Board Member	2021	2022
Ahmet Boyacıoğlu	74	Board Member	2021	2022
Prof. Dr. Barış Tan	52	Independent Member	2021	2022
Uğur Bayar	56	Independent Member	2021	2022
Şevki Acuner	65	Independent Member	2021	2022
Lale Develioğlu	52	Independent Member	2021	2022

The business address of the directors is Fatih Sultan Mehmet Mah. Balkan Cad. Buyaka E Blok No: 58/24 34771 Ümraniye İstanbul, Turkey.

A brief description of the qualifications and professional experience of the members of the Board of Directors is presented below.

Mr Tuncay Özilhan, Chairman. Tuncay Özilhan was born in Kayseri. He studied at 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 served as General Director of the Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of the Anadolu Group. Mr Özilhan acted as the CEO of the Anadolu Group from 1984 to February 2017. Mr Özilhan has been the Chairman of the Anadolu Group since May 2007. He has also served as Chairman of the Anadolu Foundation, as well as various Group companies. Mr Özilhan served as the Chairman of TÜSİAD (the 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 being a Member of the Board at the Foreign Economic Relations Board, 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. Mr Özilhan holds the Ministerial Medal of the Ministry of Foreign Affairs of the Republic of Estonia and The Order of the Rising Sun, Gold and Silver Star, one of the most important orders awarded by Japanese government.

Mr Kamilhan Süleyman Yazici, Vice Chairman. Kamil Yazici graduated from New York Military Academy as a lieutenant captain in 1996, holds a BA degree from Emory University's Goizueta Business School (2000), an MBA degree from American Institute of Business and Economics (05') and has completed the General Management Programme at the Harvard Business School (2017). Mr Yazici began his career at the Anadolu Group in 2000, serving in various roles before continuing his career at Anadolu Efes' Russian beer operations as Supply Chain Director and Business Development Director between 2008 and 2011. In 2011, he was appointed General Manager of Efes Vitanta in Moldova and served in this role until 2014. In 2014, Mr Yazici was appointed Market Development Director, a position he held until 2017. Since 2017, he has been serving as a member of the board of directors and Vice-Chairman of Anadolu Group Holding and subsidiary boards. In addition, Mr Yazici serves as a member of the board of directors of the Turkish-American Business Council, the Turkish National Auto Initiative, and the Harvard Business School's Alumni Board. He is also the Chairman of the Kamil Yazici Family Trust.

Mr Jason Gerard Warner, Board Member. Jason Warner is from Liverpool, but grew up in Surrey in the United Kingdom. He has spent his career in the fast moving consumer goods sector, starting off at Nestle in 1997 as an account and brand manager before ultimately becoming EMEA Marketing Director for Nescafe. Following this, Mr Warner spent six years at Coca-Cola, holding a number of different global marketing and innovation roles. In 2009, he 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, Mr Warner was part of the team that pledged to send Budweiser into space. In January 2016, he returned to the United Kingdom to lead the UK & Ireland office of AB InBev. Mr Warner 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.

Mr Talip Altuğ Aksoy, Board Member. Talip Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in the United States. He began his career as a finance assistant specialist at the Anadolu Group in 1995 and was appointed as a finance specialist in 1996. Between 1998 and 2000, Mr Aksoy worked as a human resources and treasury specialist . He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Between 2006 and 2008, Mr Aksoy was the Director of Purchasing and Logistics at the Anadolu Group and in June 2008 he was appointed as Director of Supply Chain of Efes Beer Group. In November 2011, Mr Aksoy was appointed as Efes Turkey Managing Director and served in this position until January 2017. He continues to serve as a member of the board of directors of various Anadolu Group companies.

Mr Rasih Engin Akçakoca, Member. Rasih Engin Akçakoca received his undergraduate degree in management from Middle East Technical University and started his career in banking in 1974. He served as the Deputy General Manager at Koç-Amerikan Bank between 1986 and 1991 and as the General Manager at Koçbank A.Ş. between 1991 and 2000. Mr Akçakoca was appointed Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001, with responsibility for a large-scale banking sector restructuring programme in Turkey. He has been working as a consultant since 2004 and is a member of the board of directors of various Anadolu Group companies.

Agah Uğur, Member. Born in 1957 in İstanbul, Agah Uğur studied Industrial Engineering at the University of Birmingham in the United Kingdom before qualifying as a chartered accountant in England in 1985. He worked in the Birmingham, London and Jersey offices of Touche Ross & Co (currently Deloitte), the Istanbul office of Arthur Andersen & Co. and Türkiye Emlak Bankası before joining Borusan Group in 1989 as chief financial officer. In 1995, Mr Uğur was appointed General Manager of Borusan Holding and served as Group Chief Executive Officer between 2001 and his retirement in 2018. He is currently a member of the board of directors of Dogan Holding, Pegasus Havayolları, Alcatel Lucent Teletaş, Gözde Girişim, Makina Takım Endüstrisi and Efes Pazarlama ve Dağıtım, as well as an advisory board member in certain other Turkish corporations. In addition, Mr Uğur is a partner and chairman of the venture capital firm Bogazici Ventures, and he also manages his own portfolio of technology startups. Mr Uğur held more than 15 board and advisory board positions in various non-governmental organisations during his professional career. Currently, he is a member of the High Advisory Council of the Turkish Industry and Business Association, the Board of Trustees of Sabanci University, the Advisory Board of the Foreign Economic Relations Board of Turkey/Turkish American Business Council, and the Advisory Board of Columbia University Istanbul Global Center. Mr Uğur is also mentoring at the Endeavour Association, the Young Guru Academy and the Women on Board Association. He is also a founding member and vice chairman of the Saha Foundation, supporting Turkish contemporary art. Mr Uğur is an art collector with a special focus on new media and video art.

Mr Ahmet Boyacıoğlu, Member. Ahmet Boyacıoğlu studied business administration at Middle East Technical University. He began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. Mr Boyacıoğlu 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. He was appointed President of the Beer Group in May 2005 and retired in February 2007. Currently, Mr Boyacıoğlu sits on the board of directors of certain Anadolu Group companies.

Mr Uğur Bayar, Independent Member. Born in İstanbul in 1964, Uğur Bayar graduated from New York State University's Department of Mathematics & Statistics with a bachelor of science degree. He 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 of the Public Partnership Administration between 1992 and 1997 and President of the Prime Ministry Privitization between 1997 and 2002. During this time, he also served as the chairman of the board of directors at Erdemir Demir ve Çelik Fabrikaları T.A.Ş. and Petrol Ofisi A.Ş., and a member of the board of directors at Turkish Airlines and Turk Telekom. Mr Bayar joined Credit Suisse Turkey in 2004 and served as the Country Chief Executive Officer and Head of Investment Banking until 2018. He is currently serving as the Chairman of the Board of WWF Turkey (World Wildlife Foundation), and a member of the board of directors at AG Anadolu Grubu Holding, Tekfen Teknoloji Yatırım ve Tic. A.Ş. and SAMUMED, a San-Diego based biotechnology company. Mr Bayar is also a member of the Advisory Board of Afiniti Ltd., an American multinational data and software company based in Washington, D.C.

Prof. Dr Barış Tan, Independent Member. Dr Barış Tan is a Professor of Operations Management and Industrial Engineering and the Vice President for Academic Affairs at Koç University. 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 the Turkish Academy of Sciences Distinguished Young Scholar Award, the TUBITAK fellowship, the NATO Science Fellowship, the Rockefeller Foundation Residency Award at the Bellagio Center, and a number of best paper awards for his publications. Dr Tan received a Bachelor of Science degree in Electrical and Electronics Engineering from Boğazici University, Istanbul, Turkey, and Master of Engineering in Industrial and Systems Engineering, Master of Science in Engineering 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 the College of Administrative Sciences and Economics and the Director of the Graduate School of Business. Dr Tan has held visiting positions at Harvard University's Division of Engineering and Applied Sciences, MIT's Operations Research Center, MIT's Laboratory for Manufacturing and Productivity, Cambridge's Judge Business School, and University College London's School of Management. He 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 has also served on the boards of the European Foundation for Management Development ("EFMD"), the EFMD EQUIS Awarding Body, the Global Alliance in Management Education, the Turkish Quality Association, and the Turkish Operations Research Society.

Mr Şevki Acuner, Independent Member. Following his graduation from Bosphorus University in 1976, Sevki Acuner continued his studies at Stockholm University for a Graduate Diploma and at Montreal's Concordia University, where he earned his master's in business administration. He started his career at Turkey's Central Bank and switched to commercial banking after moving to Canada, where he worked first for the Bank of Montreal and subsequently at the Royal Bank of Canada in various roles and countries, including Holland, Italy and the United Kingdom. Mr Acuner moved to the European Bank for Reconstruction and Development in 1996, working in various positions there until 2018. He played a leading role in opening the EBRD in Turkey in 2009 and worked as its Deputy Director for Turkey until 2013. Between 2013 and 2018, Mr Acuner was the European Bank for Reconstruction and Development's Director for Ukraine, based in Kiev. In 2019, he was appointed as an Independent Member of the board of directors of Tekfen Holding. Mr Acuner has represented the European Bank for Reconstruction and Development in various board positions in its equity investments across a number of countries. While based in London, for many years he was the President of the UK Turkish Bankers Association. In his role in Istanbul, Mr Acuner led European Bank for Reconstruction and Development's growth in Turkey. In Ukraine, he was one of the drivers of the country's economic transformation and is a leading figure in its world of finance and business. Among his other responsibilities, Mr Acuner acted as the Chairman of Ukraine's corruption fighting Business Ombudsman Institution, Chairman of the State Nomination Committee, which is responsible for appointing the chief executive officers and board members of the country's state owned enterprises, and as Vice Chairman of the American Chamber of Commerce. He is currently the Chairman of the Supervisory Board of Directors of Ukraine's railways and electricity transmission companies.

Ms Lale Develioğlu, Independent Member. Born in İstanbul in 1968, Lale Develioğlu graduated from the Industrial Engineering Department at Boğaziçi University and pursued postgraduate studies at Rensselear Polytechnic University in the United States. She started her professional career in 1992 at the Unilever group and served as a marketing director between 1998 and 2003. At the end of 2003, Ms Develioglu started working at Turkcell as an Individual Customers Marketing Director. She served as Marketing Vice President between 2006 and 2011 and International Division Vice President between 2011 and 2014. In 2015, Ms Develioğlu started working Turkey Marketing President at Yildiz Holding, before serving as Global Marketing President at Pladis, Yildiz Holding's London-based global snack company, until 2018. Ms Develioğlu has been an independent board member for several companies in telecommunications, technology, fast moving consumer goods, consumer durables and retail industries across Turkey, the Middle East, CIS countries and Europe. She is also one of the founders and a board member of the Women on Board Association in Turkey. Ms Develioğlu is currently a management consultant, a board member and a mentor. She has 28 years of experience in marketing and business development and she is a strategy leader. Ms Develioğlu was selected as "Best Marketing Person" in Turkey in 2009, won the "Women to Watch" award for marketing in 2014 and was listed among the "Top 100 Influencers" in Global Creativepool Annual in 2018. She has served as an executive board member of the Advertisers' Association of Turkey and the Advertising Self-Regulatory Body in Turkey for six years. She is the author of a business and memory book entitled 'Karar Verdim'.

Board Committees

The Board of Directors has appointed an audit committee, a corporate governance committee and a committee for the early detection of risks from among its members.

Audit Committee

The Audit Committee is composed of two directors: Mr Acuner and Mr Bayar, both of whom are independent members of the Board of Directors. Mr Acuner serves as Chairman of the Audit Committee. Among other matters, the Audit Committee ensures that adequate and suitable internal controls are in place and appropriate to the Company's needs; that (in conjunction with the Committee for Early Detection of Risks) significant business and financial risks have been identified and are being monitored and managed.

Corporate Governance Committee

The Corporate Governance Committee is composed of seven members: Mr Bayar, Mr Zorlu, Mr Argüden, Aslı Kılıç Demirel, Mr Warner, Ms Develioğlu and Rasih Engin Akçakoca. Mr Bayar serves as Chairman of the Corporate Governance Committee. The remit of the Corporate Governance Committee is to develop and implement continuous improvement processes to facilitate the application of best practices pursuant to the CMB Regulations and Corporate Governance Principles and, more broadly, international standards. The Corporate Governance Committee also currently carries out the functions of the "nominations committee" and "remuneration committee" as defined in the CMB Regulations and Corporate Governance Principles.

Committee for the Early Detection of Risks

The Committee for the Early Detection of Risks is composed of four members: Dr Tan, Talip Altuğ Aksoy, Mr Uğur and Ben Graham. Mr Tan serves as Chairman of the Committee for the Early Detection of Risks. The remit of the committee for the early detection of risks is to detect risks that might endanger the existence and development of the Company and to design studies and measurements to detect such risks, as well as to create strategies for risk management and oversee the application of such strategies.

Key Executives

In the opinion of the Company the following persons are the most important for the management of the Group's operations (the "Key Executives"):

Name	Age	Position
Beer Group		
Can Çaka	49	Beer Group President and Anadolu Efes CEO
Nusret Orhun Köstem[(1)]	50	Chief Financial Officer
Gökçe Yanaşmayan[(2)]	43	Efes Moldova Managing Director
Uluhan Kumru	44	Group Internal Audit Director
Banu Fatma Artüz	48	Group Human Resources Director
Stefan Lustig	57	Group Supply Chain Director
Daniel Barbulescu	43	Market Development Director
Yıldıray Efil	50	Group Legal Affairs Director
Murat Özkan	50	Group Information and Digital Solutions Director
Dmitry Shpakov	47	AB InBev Efes CEO
Ahmet Tuğrul Ağırbaş	52	Efes Turkey Managing Director
Ümit Ömer Öğün	59	Central Asian Republics Managing Director
Ertan Kurt	48	Efes Georgia Managing Director
Soft Drinks		
Burak Başarır	51	CCI Chief Executive Officer
Andriy Avramenko	49	CCI Chief Financial Officer
Ebru Özgen	51	CCI Human Resources Director
Kerem Kerimoğlu	53	CCI Supply Chain Director
Ertuğrul Onur	55	CCI General Counsel
Servet Yıldırım	57	CCI Corporate Affairs Director
Leyla Deliç	48	CCI Chief Information and Digital Officer
Ahmet Öztürk	48	CCI Internal Audit Director
Tugay Keskin	52	CCI Chief Operating Officer

Notes:

(1) Mr Orhun Köstem has resigned effective as of 30 June 2021.

(2) Mr Gökçe Yanaşmayan will become the Company's Chief Financial Officer effective 1 July 2021.

The business address of each of the Key Executives of the Beer Group other than Mr Dmitry Shpakov is Fatih Sultan Mehmet Mah. Balkan Cad. Buyaka E Blok No:58/24 34771 Ümraniye İstanbul, Turkey. The business address of the Key Executives of Soft Drinks is Dudullu OSB Mah. Deniz Feneri Sok. No:4, 34776 Ümraniye/İstanbul, Turkey.

The business address of Mr Shpakov is 17-1, Krylatskaya str. Moscow 121614, Russia.

Beer Group

Can Çaka, Beer Group President and Anadolu Efes CEO. Can Çaka received Bachelor of Science from the Electrical and Electronic Engineering Department of Middle East Technical University and a master's in business administration from the Administrative Sciences Department of the same university. He started his career as a business analyst and systems engineer in 1994 and has worked at various companies and was involved in various projects. He joined the Group in 1997 and worked as an associate in the International Beer Division until 2000, Finance and Administrative Affairs Manager at 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 Group Chief Financial Officer between 2008 and 2012. Subsequently, Mr Çaka worked as Chief Financial Officer of the Anadolu Group between 2013 and 2018. He was appointed as Beer Group President and Group CEO in January 2019. Mr Çaka was recognised as the Most Successful CEO in Digital Transformation at the IDC Turkey Digital Awards 2020.

He is a volunteer member of the UN Global Compact Turkey and the Sustainable Development Association's Board, working with infrangible energy to support development efforts that promote economic opportunity and efforts to combat climate crisis in line with the UN's Sustainable Development Goals.

N. Orhun Köstem, Chief Financial Officer. Orhun Köstem holds a Bachelor of Science in mechanical engineering and a master of business administration from the Middle East Technical University, as well as a Master of Arts in law and economics from Bilgi University. He joined the Anadolu Group in 1994 and assumed different senior executive positions such as Efes Beverage Group Corporate Finance and Investor Relations Director, Efes Breweries International Chief Financial Officer, Anadolu Group Corporate Finance Coordinator, CCI Chief Financial Officer and CCI Middle East and Pakistan Region Director. In 2016, 2019 and 2020 he was listed among "Turkey's Most Influential 50 CFOs" by Fortune Turkey Magazine. He was also given awards by organisations 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. He was appointed as Group Chief Financial Officer in January 2019. Mr Köstem will step down from his role as Group Chief Financial Officer effective 30 June 2021.

Gökçe Yanaşmayan, Efes Moldova Managing Director and Incoming Chief Financial Officer. Gökçe Yanaşmayan graduated from Dokuz Eylül University with a degree in economics in 2000. He worked as an auditor at Arthur Andersen between 2000 and 2002 and as senior auditor at Ernst & Young between 2002 and 2004. After starting his career at the Group in 2004 as Efes Kazakhstan Reporting and Budgeting Manager, Mr Yanaşmayan worked as Finance and Administration Manager at EBI Holland between 2006 and 2010, Finance Director at Efes Kazakhstan between 2010 and 2012 and Finance Director at Efes Ukraine between 2012 and 2014. He has been Efes Moldova Managing Director since December 2014. Effective 1 July 2021, Mr Yanaşmayan will become the Group's Chief Financial Officer.

Uluhan Kumru, Group Internal Audit Director. Uluhan Kumru earned a bachelor's degree from Hacettepe University in business administration (English) and a master's in business administration from the Middle East Technical University. He started his career as a management trainee at T.C. Ziraat Bank and served as a project finance senior associate until 2003. Between 2003 and 2013, Mr Kumru served 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 the Group as Audit Manager at Anadolu Group Audit Presidency in 2013, served as Group Internal Audit Manager 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 in January 2018. He is a certified internal auditor and a certified public accountant in Turkey and has been serving as member of the board of the Institute of Internal Auditors of Turkey since 2014 and a member of the Exam Development Committee at The Institute of Internal Auditors - Global since 2020.

Banu Artüz, Group Human Resources Director. Banu Artüz graduated from Istanbul University with a degree in American culture and literature. She started her career at Procter & Gamble in the sales department. During her 16 years at Procter & Gamble, Ms Artüz spent eight years in the sales and marketing department with various assignments in modern trade, distributor operations and sales marketing. During her sales marketing positions, she worked in the feminine care and oral care categories. After eight years in sales and marketing positions, Ms Artüz moved into human resources. She built her human resources career in different countries, including Turkey, Kazakhstan and Eastern Europe and had different assignments as a human resources business partner, including in compensation and benefits, employee relations and sales capability management. Between 2007 and 2009, Ms Artüz led Talent Management for Central Asian Republics before serving as Eastern Europe Talent Manager with responsibility for Russia, Ukraine, Belarus and Central Asia Republics between 2010 and 2013. Ms Artüz was Deputy Talent Manager Coordinator at Anadolu Group Holding between 2014 and 2018 and has served as Anadolu Efes Group Human Resources Director since April 2018.

Dr Stefan Lustig, Group Supply Chain Director. Dr Stefan Lustig graduated as a master in brewing and beverage technology from the Technical University of Munich Weihenstephan in Germany in 1988 and earned his PhD in brewing and beverage technology at the same institution in 1994. Dr Lustig started his career as a project manager in Beck's brewery in 1989. Between 1992 and 1995, he was Head of Gas Chromatography and the Chair of Brewing and Beverage Technology at the Technical University of Munich. He returned to Beck's brewery as Development & Technology Manager between 1995 and 1999 and was Head of Quality between 1999 and 2002. Between 2002 and 2006, Dr Lustig continued was Brewing and Packaging Manager at InBev Deutschland Holding before serving as Plant Manager in Bremen brewery between 2006 and 2008. Between 2008 and 2010, he served as Brewery Operations Director and a member of the board of directors of InBev Deutschland Holding. In 2010, Dr Lustig joined Brau Holding International/Paulaner Brewery Group as Chief Operating Officer and Managing Director for Supply Chain. Dr Lustig has been the Group's Supply Chain Director since July 2019.

Daniel Barbulescu, Market Development Director. Daniel Barbulescu graduated from Babeş-Bolyai University in food products economics in 2000 and earned his Master of Science degree from the same university in agri-business. Having started his professional career in 2004 as a brand manager at Unilever South Central Europe, Mr Barbulescu worked at Unilever Poland as Central Eastern Europe Brand Development Manager and European Brand Development Manager between 2005 and 2008. Having served as Category Manager and Marketing Manager at Unilever South Central Europe since 2007, Mr Barbulescu joined the Group as Marketing Director at Efes Moldova in May 2013. After serving as International Marketing and Sales Director at the Group's Market Development Directorate between January 2016 and April 2017, he was appointed as Acting Market Development Director at the Group's Market Development Directorate in May 2017 and Market Development Director in October 2017.

Yıldıray Efil, Group Legal Affairs Director. Having graduated from Istanbul University Faculty of Law, Yıldıray Efil worked as lawyer at Turkiye İş Bankası A.Ş. Headquarters Legal Consultancy Department between 2001 and 2005. He completed Kadir Has University Sports Law Program in 2006 and earned his master's degree in Sports Law from the same university in 2011. Mr Efil joined Anadolu Endustri Holding A.Ş. in 2005 as a legal advisor-lawyer and served as Legal Affairs Manager and Assistant Legal Affairs Coordinator until 2013. He has been the Group Legal Affairs Director since April 2013. Since May 2015, Mr Efil has also served as the Group's Ethics Officer. Mr Efil is a member of Istanbul Bar Association.

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 a systems analyst at Arcelik between 1993 and 1996. Between 1997 and 2014, Mr Özkan worked in various positions at Philips Morris Sabancı, including 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) and Information Services Manager IS Manager Regional Infrastructure Delivery. After serving as Chief Information Officer at Ulker and Vice President at Pladis between 2014 and 2019, Mr Özkan joined the Group in April 2019 and serves as Group Information and Digital Solutions Director.

Dmitry Shpakov, AB InBev Efes BV CEO. Dmitry Shpakov graduated from the National Technical University in Ukraine in 1996, after which he earned his Master's of Business Administration in international management from INSEAD Business School in France. Mr Shpakov graduated from the InterRegional Academy of Personnel Management in Ukraine with a degree in economics in 2007 and the International Management Institute in Ukraine in 2008. He started his career at AB InBev as a sales representative in Kiev in 1998 before being appointed as a key account manager and afterwards a distribution manager in 2001. Mr Shpakov became the Regional Sales Manager in 2002. In 2007, Mr Shpakov was appointed National Sales Director in AB InBev Ukraine. After having served as the Chief Executive Officer of AB InBev Ukraine in 2014 and the Chief Executive Officer of BU East (Russia and Ukraine) in 2015, Mr Shpakov was appointed as the Chief Executive Officer of AB InBev Efes in March 2018.

Tuğrul Ağırbaş, Efes Turkey Managing Director. Tuğrul Ağırbaş graduated from Istanbul University with a degree in business administration and joined the Group in 1990. Between 1990 and 2001, he worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of the 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 role of Efes Turkey Managing Director in January 2010. Between 2014 and 2017, Mr Ağırbaş served as Anadolu Efes Eastern Europe and the CIS Group Managing Director, Head of Corporate Functions and Sales Organisation Transformation Lead. He was appointed as Anadolu Efes Turkey Managing Director in August 2017.

Ömer Öğün, Central Asian Republics Managing Director. Ömer Öğün graduated from Yıldız Technical University with a degree in geophysical engineering. He started his professional career at the Anadolu Group as a service representative at Çelik Motor in 1992, where he later worked as a sales service supervisor. Mr Öğün served as Planning and Logistics Manager at Coca-Cola Russia 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. In November 2007, he was appointed Task Force Director for Uzbekistan in the Beer Group. Subsequently, Mr Öğün served as Efes Kazakhstan General Manager between May 2008 and March 2012, Efes Ukraine Managing Director from March 2012 to June 2015 and Efes Kazakhstan Managing Director and Efes Ukraine Managing Director from June 2015 to August 2018. He was appointed Central Asian Republics Managing Director in August 2018.

Ertan Kurt, Efes Georgia Managing Director. Ertan Kurt graduated from Istanbul University with a degree in economics in 1994 and completed his Master of Business Administration degree at Istanbul University in 1997. He started his professional career in 1994 at Procter & Gamble Turkey in the sales department where he served in various positions until 2000. Between 2001 and 2005, Mr Kurt worked at Reckitt Benckiser Turkey as Trade Marketing Manager, Central Region Manager, Senior Trade and Shopper Marketing Manager, respectively. Between 2005 and 2009, he worked as Country Manager at Reckitt Benckiser Slovenia and then served as Global Trade and Shopper Marketing Director at Reckitt Benckiser's global headquarters in the United Kingdom until 2012. Subsequently, Mr Kurt served as Sales Director at Nestle Waters Turkey between 2012 and 2016, International Markets Director at Brisa Bridgestone Sabancı between 2016 and 2017 and Vice President of Sales and Marketing at Şişecam between 2018 and 2020. He joined the Group in February 2020 and currently serves as Efes Georgia Managing Director.

Soft Drinks Group

Burak Başarır, CCI CEO. Burak Başarır joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named chief financial officer of CCI in 2005 and played an integral role during CCI's initial public offering. Mr Başarır also effectively managed the financial integration of Efes Invest with CCI. He was recognised as Best CFO in Turkey by Thomson Reuters Extel in 2009 and between 2010 and 2013 he led CCI's largest operation in terms of volume and sales as Turkey Region President. Mr Başarır was appointed as Chief Executive Officer of CCI in January 2014 and was awarded the "Best CEO" award in the beverages category by the international research group Institutional Investor in 2019. He has more than 20 years of work experience. Mr Başarır holds a bachelor of arts in business administration and a minor in computer sciences from American River College in the United States. He studied management at California State University Sacramento and received a bachelor of sciences in business administration from Middle East Technical University. He is a member of the Turkish Industry and Business Association and the Turkey-US Business Council.

Andriy Avramenko, CCI Chief Financial Officer. Andriy Avramenko was appointed Chief Financial Officer-elect for CCI in January 2019. He 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, Mr Avramenko joined TCCC as an internal auditor and moved to the mergers and acquisitions team in 2003. He served as Supply Chain Development Director of the Global Juice business between 2008 and 2011, Vice President and General Manager of the Juice Business in the India & South West Asia Business Unit between 2011 and 2013, and subsequently Vice President of Strategy and General Manager of the Still Beverages Business until 2015. Between March 2015 and May 2018, Mr Avramenko served as Group Director for Mergers & Acquisitions for the Eurasia & Africa region. Before joining CCI in 2019, he was Group Director of Corporate Development for the Europe, Middle East and Africa Group and a member of the board of directors of Coca-Cola Beverages Africa.

Ebru Özgen, CCI Human Resources Director. Ebru Özgen was appointed CCI Human Resources Director in January 2017. She joined CCI as a budget and planning supervisor in 1997, worked as a finance manager between 1998 and2000 and East Region Finance Manager between 2000 and 2005. Ms Özgen was appointed as Turkey Budget Planning and Commercial Finance Manager in 2010 with increased management responsibilities. In 2013, she was promoted to Turkey Finance Director. As a member of CCI's Turkey Leadership Team, Ms Özgen was responsible for the coordination of finance operations that support strategic business targets. She started her career in 1992 in Arthur Andersen. She has a bachelor's degree in business administration from the Middle East Technical University and a master's in business administration in international banking and finance from the University of Birmingham in the United Kingdom. In 2009, she earned a master's degree in law and economics from Bilkent University. Ms Özgen is a CIM certified, certified public accountant and independent auditor and has two children.

Kerem Kerimoğlu, CCI Supply Chain Director. Kerem Kerimoğlu was appointed CCI Supply Chain Director in September 2020. He graduated from Middle East Technical University with a major in mechanical engineering and worked for Denizli Cam as a research and development engineer before joining CCI. Since joining CCI in 1993, Mr Kerimoğlu held various positions, including Maintenance Supervisor, Production Manager and Operation Manager roles in the Ankara plant, and served as the Operation Manager both for the Ankara and Bursa plants between 2003 and 2006. After serving as Turkey Supply Chain Director between 2006 and 2015, he worked as CCI Turkmenistan General Manager between 2015 and 2017 and CCI Iraq General Manager between 2017 and 2019. Mr Kerimoğlu assumed the role of CCI Supply Chain Development Director in 2020 before taking on his current role.

Ertuğrul Onur, CCI General Counsel. Ertuğrul Onur has served as the General Counsel of CCI since 2007. He is also currently the Head of CCI's Ethics and Compliance Committee. Mr Onur 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 a BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining TCCC, Mr Onur set up the legal department at Pfizer İlaçları and served as Assistant General Manager and Legal Director. He implemented various compliance programmes as the Compliance Liaison Officer at Pfizer Turkey. Mr Onur has 29 years of work experience and is a member of the Istanbul Bar Association.

Servet Yıldırım, CCI Corporate Affairs Director. Servet Yıldırım joined CCI as Group Corporate Affairs Director in September 2018. He started his career at İşbank and worked in the economic research and treasury departments. In 1989, Mr Yıldırım joined Reuters News Agency where he assumed managerial roles and managed the Turkish branch. Subsequently, he moved to CNBC-e where he became News Director and Editor-in Chief over the course of seven years. In 2011, Mr Servet became Group President of the Economics branch of Doğuş Media Group. At the same time, he continued to anchor various financial shows aired on CNBC-e. During his career in the media sector, Mr Servet wrote several columns on finance and the Turkish economy in newspapers like Yeni Binyıl, Sabah, Referans and Radikal. Before joining CCI, Mr Servet was a columnist at Milliyet and commentator on NTV. He has a bachelor's degree in business administration from the Middle East Technical University.

Leyla Deliç, CCI Chief Information and Digital Officer. Leyla Deliç was appointed as CCI Chief Information and Digital Officer on 2 July 2018. She started her career in 1995 as a network engineer at Time Trend Computers in the United States and then served in different companies and countries. She worked as Chief Information Officer in Aras Holding between 2008 and 2010. Subsequently, she served in different positions at GE Healthcare, including as Chief Information Officer between 2016 and 2018. Mrs Deliç has a Bachelor of Science degree in electrical engineering and a Master of Science degree in computer engineering from Southwestern University in the United States.

Ahmet Öztürk, CCI Internal Audit Director. Ahmet Öztürk was appointed as CCI Internal Audit Director as of 1 January 2018. He joined the Anadolu Group in August 1995 having graduated from Bilkent University with a degree in economics. Mr Öztürk started his career as an assistant financial control specialist and continued to work in different roles and responsibilities in group companies, serving as chief financial officer of Coca-Cola Turkmenistan, Coca-Cola Azerbaijan, Efes Ukraine and Efes Serbia between 1999 and 2007. He was appointed the Internal Auditor of Efes Beer Group's international operations in July 2007 and promoted to Internal Audit Director of the Company in January 2011.

Tugay Keskin, CCI Chief Operating Officer. Tugay Keskin was appointed as CCI Chief Operating Officer as of 1 April 2020. He joined CCI in 1993 and served in different positions in the Turkish sales function until his appointment as Turkey Sales Director in 2007, a position which he held until 2011. Mr Keskin subsequently served as CCI Turkey Commercial Director between 2011 and 2014, CCI Commercial Excellence Director between 2014 and 2016 and CCI Turkey General Manager in 2017. He was appointed as CCI Turkey and Middle East Region Director in 2019. Mr Keskin is a graduate of Ankara University's Faculty of Political Science.

Interests of Directors and Key Executives

The Özilhan and Yazici families directly and indirectly together hold 43 per cent. of the Company's outstanding share capital, through their ownership of AG Anadolu Grubu Holding A.Ş., the current Chairman of the Board is a member of the Özilhan family and the current Vice-Chairman of the Board is a member of the Yazici family. AB InBev Harmony Ltd. holds 24 per cent. of the Company's outstanding share capital. Except as set out above and in “*Risk Factors—Risk Related to the Group’s Business— The Group is controlled by AG Anadolu Grubu Holding A.Ş., whose shareholding (along with the shareholding of AB InBev Harmony Ltd., another significant shareholder) may conflict with the interests of the holders of the Notes*”, there are no actual or potential conflicts of interest between the obligations of the members of the Board of Directors and the Key Executives toward the Company and their respective private interests and duties or obligations to the Company.

OWNERSHIP

Set forth in the table below is the Company's shareholding structure as at the date of this Prospectus:

Holder	Percentage Holding
AG Anadolu Grubu Holding Anonim Şirketi	43.05
AB InBev Harmony Limited	24.00
Publicly-held and others	32.95
	100.0

Certain Corporate Governance Provisions for Companies Listed on the İstanbul Stock Exchange

As a company whose shares are listed on the Borsa İstanbul, the Company is subject to the Turkish Capital Markets Law, Communiqués issued by the CMB and the rules of the Borsa İstanbul. In particular, the Company is subject to the principles set out in Communiqué Serial: II, No: 17.1 on the Corporate Governance Principles ("Communiqué No II-17.1"), published in the Official Gazette dated 3 January 2014, which addresses matters including board composition, board committees, information rights and related party transactions. The Communiqué classifies listed companies into three categories according to their market capitalisation and the market value of their free-float shares subject to re-calculation on an annual basis. As of the date of this Prospectus, the Issuer is classified as a "1st Group" company.

There are number of principles that are mandatory, while the remaining ones apply on a "comply or explain" basis. The mandatory principles under the Corporate Governance Principles for public companies relate to matters such as (i) board composition, (ii) the appointment of independent board members, (iii) board committees; (iv) specific corporate approval requirements, and (v) shareholder information rights in connection with general assemblies of shareholders.

The specific corporate approval requirements under Communiqué No. II-17.1 are applicable to all related party transactions, transactions creating any guarantee, pledge or mortgage in favour of third parties, transactions that may result in a conflict of interest with the company or its subsidiaries and certain other transactions deemed material therein. There are certain requirements to be observed by companies in relation to such transactions depending on the magnitude and the scope of the transaction, such as preparation of a valuation report and/or approval by the majority of independent board members. If a related party transaction is not approved by the majority of the independent board members in a board meeting, then, upon disclosure of their grounds for objection on the Public Disclosure Platform, such transaction must be presented to the general assembly of shareholders for approval.

The board of directors of a listed company should be composed of at least five members consisting of both executive and non-executive members, and the majority of the board should consist of non-executive directors. Additionally, the number of independent directors cannot be less than one third of the Board, in any event there has to be two independent directors on the board. Independent directors may be appointed for a period up to three years and can be re-elected, provided that they do not serve as a board member for more than six years within the last ten years.

Board members cannot attend negotiations or vote on matters in which such board members themselves, their spouses or their relatives (up to and including third degree relatives) have an interest or if their attendance would otherwise be contrary to objective principles of good faith. According to the Turkish Commercial Code, board members cannot enter into commercial relationships with the company or engage in any competing activities, unless permitted by the general assembly of shareholders. Communiqué No. II-17.1 further requires the board to provide information to the general assembly of shareholders regarding any transaction that is entered into by the board members, their spouses or their relatives (up to second degree relatives), which may result in a conflict of interest for, or compete with, the company or its subsidiaries.

Certain Arrangements with AB InBev

In 2013, in connection with its strategic alliance with SABMiller, the Company entered into the SABMiller Relationship Agreement with SABMiller, SABMiller AEL and the AE Company Group. In 2016, AB InBev acquired SABMiller and its 24 per cent. shareholding in the Company. Following the completion of this acquisition, on 22 March 2018 the SABMiller Relationship Agreement was amended through a Deed of Amendment between, among others, AB InBev and the Company to remove the SABMiller entities and add AB InBev as a party to the Relationship Agreement (i.e. the AB InBev Relationship Agreement) and make certain updates to the terms of the agreement. AB InBev has also entered into the AB InBev Efes Shareholders' Agreement as part of the strategic alliance. See "*The Group and Its Business—Strategic Alliance with AB InBev*".

Relationship Agreement

Nomination of directors

Pursuant to the AB InBev Relationship Agreement, the AG Anadolu Grubu Holding A.Ş. has the right to nominate six and AB InBev Harmony Ltd. has the right to nominate one of the eleven directors of the Company.

Approval of certain matters

Generally speaking, Board of Directors' matters with respect to the Company can be approved by a majority (i.e., six out of eleven) of the Directors. However, certain "Minority Protection Matters" can only be approved with the consent of the director nominated by AB InBev Harmony Ltd. "Minority Protection Matters" include undertaking a transaction with a value in excess of US$2 million outside the ordinary course of business; and issuing or agreeing to issue any securities convertible into or exchangeable for the Company's shares.

AB InBev Efes Shareholders' Agreement

On 29 March 2018, the Company, AB InBev Western European Holding B.V., Efes Breweries International N.V., Anheuser-Busch InBev S.A./N.V. and AB InBev Efes entered into the AB InBev Efes Shareholders' Agreement relating to the operations, management and governance of the AB InBev Efes Group. The agreement is designed to enable the Company to manage and control AB InBev Efes so that it can fully consolidate the AB InBev Efes Group in its consolidated financial statements.

The board of directors of AB InBev Efes comprises eight directors, four of which must be Dutch residents. Each of the Company and AB InBev have the right to nominate four directors of AB InBev Efes, two of which must be Dutch residents. The chairperson is appointed by the Company; however, the chairperson does not have a casting vote to resolve a deadlocked board. All matters that are not reserved matters require a simple majority of the board of directors. In certain matters, if the shareholders cannot agree, one shareholder will have the casting vote. The Company has a casting vote to approve the remuneration of the chief executive officer and the chief financial officer.

Under the AB InBev Efes Shareholders' Agreement, customary reserved matters must be approved by both shareholders. Such matters include, but are not limited to, materially changing the nature or scope of the business of the AB InBev Efes Group, any acquisition or disposal of a member of the group, amalgamation or merger with another company, the entry into material related party transactions or certain contractual arrangements with other beverage companies, changing the strategic business plan in certain prescribed ways or changing the gearing or dividend policies.

Subject to applicable law and the repayment of a certain portion of existing shareholder loans, the shareholders expect that excess cash that is not required to meet the funding needs of the AB InBev Efes Group will be paid out as dividends. The AB InBev Efes Group's net indebtedness to aggregate EBITDA ratio may not exceed 3.0x unless reserved matter approval has been obtained or a shareholder determines that the AB InBev Efes Group requires emergency funding. There is no obligation on the shareholders to provide funding to the AB InBev Efes Group.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The US$500,000,000 3.375 per cent. Notes due 2028 (the "Notes", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi (the "Issuer") are issued subject to and with the benefit of an Agency Agreement dated 29 June 2021 (such agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between the Issuer, Citigroup Global Markets Europe AG as registrar (the "Registrar"), Citibank, N.A., London Branch as fiscal agent and principal paying agent (the "Fiscal Agent") and any further or other paying agents appointed from time to time in respect of the Notes (together with the Fiscal Agent, the "Paying Agents" and the Fiscal Agent, the Registrar and the other Paying Agents together, the "Agents"). The holders of the Notes (the "Noteholders") are entitled to the benefit of a Deed of Covenant (the "Deed of Covenant") dated 29 June 2021 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are (i) available for inspection and (upon provision of proof of holding and identity in a form satisfactory to the relevant Paying Agent) collection during normal business hours by the Noteholders at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following its prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

The owners shown in the records of Euroclear Bank SA/NV ("Euroclear"), Clearstream Banking, S.A. ("Clearstream, Luxembourg") and The Depository Trust Company ("DTC") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and Deed of Covenant applicable to them.

1 FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof (referred to as the "principal amount" of a Note). A certificate (each, a "Certificate") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar. The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law of Turkey (Law No. 6362), the Communiqué Serial: VII. No: 128.8 on Debt Instruments of the Turkish Capital Markets Board (in Turkish: Sermaye Piyasası Kurulu) (the "CMB") and Decree No. 32 regarding the Protection of the Value of Turkish Currency.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

In these Conditions, “Noteholder” and (in relation to a Note) “holder” means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see “Book-Entry Clearance Systems”.

2 TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may be transferred, subject to Condition 2.4, by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see “*Transfer Restrictions*”.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, “business day” shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see “The Global Certificates – Registration of Title”), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement and, in the case of Restricted Notes, compliance with the Securities Act Legend.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate (or such longer period as may be required to comply with any fiscal or other regulations), be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment by the Noteholder (or the giving of such indemnity as the Issuer or any Agent may reasonably require in respect of) any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3 STATUS

The Notes are direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 COVENANTS

4.1 Negative Pledge

So long as any of the Notes remain outstanding, the Issuer will not, and the Issuer will procure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest, including the entry into of any Sale and Lease Back Transaction (each a "Security Interest"), other than a Permitted Security Interest, upon, or with respect to, any Principal Property or shares or equity stock of any Restricted Subsidiary to secure any Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution,

except that the Issuer and any of its Subsidiaries may at any time create a Security Interest upon, or with respect to, any Principal Property or shares or equity stock of any Restricted Subsidiary to secure Relevant Indebtedness or enter into a Sale and Lease Back Transaction with respect to any Principal Property without so securing amounts payable by the Issuer under the Notes if at that time the sum of:

(i) the total amount of outstanding Relevant Indebtedness secured by Security Interests upon, or with respect to, all Principal Properties or shares or equity stock of Restricted Subsidiaries without taking account of any Sale and Leaseback Transactions and excluding any Relevant Indebtedness secured by Permitted Security Interests; and

(ii) the Attributable Value of all Sale and Leaseback Transactions entered into after the Issue Date and not otherwise permitted under these Conditions,

does not exceed an amount equal to the greater of US$200,000,000 (or its equivalent in any other currency or currencies) or 10 per cent. of the Consolidated Net Tangible Assets of the Issuer.

4.2 Interpretation

In these Conditions:

"Attributable Value" means at any time and in respect of any particular Sale and Leaseback Transaction, the total net amount of rent required to be paid by the Issuer or the relevant Restricted Subsidiary under the lease during the remaining term of the lease (excluding any subsequent renewal or other extension option held by the Issuer or that Restricted Subsidiary, as the case may be, but, in the case of any lease which is terminable by the Issuer or the Restricted Subsidiary upon the payment of a penalty, including the amount of such penalty and as if the lease expires on the first date it may be terminated following such payment), discounted from the respective due dates to the date of determination at a rate equivalent to the rate used for the purposes of the financial reporting of the Issuer or the relevant Restricted

Subsidiary in accordance with generally accepted accounting principles and practices applicable to the business of the Issuer or the relevant Restricted Subsidiary (as determined in good faith by the principal accounting officer of the Issuer or the relevant Restricted Subsidiary). The net amount of rent required to be paid under the lease for any period will be the aggregate amount of rent payable by the lessee with respect to that period, excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, utility, operating and labour costs and similar charges and as reduced by the present value of the rent, if any (determined on the foregoing basis), that any sub-lessee is required to pay for all or part of the leased property for the relevant period;

"CMB Financial Reporting Standards" means the financial reporting standards accepted by the CMB, being Turkish Financial Reporting Standards (formerly Turkish Accounting Standards) as described in the CMB's "Communiqué on Principles regarding Financial Reporting in Capital Markets" Serial II, No. 14.1, promulgated in the Official Gazette dated 13 June 2013 (as amended, supplemented or restated from time to time);

"Coca-Cola İçecek" means Coca-Cola İçecek A.Ş.;

"Consolidated Net Tangible Assets" means at any time (a) the consolidated total assets of the Issuer less (b) the sum of: (i) all current liabilities and (ii) all goodwill and intangible assets, all as calculated by reference to the most recent audited or reviewed consolidated balance sheet of the Issuer prepared in accordance with CMB Financial Reporting Standards consistently applied and within 150 days of the date as of which the calculation is being made and adjusted as deemed appropriate by the Issuer to take account of any non-controlling interests of any other persons in any of its Subsidiaries;

"Issue Date" means the date of issue of the Notes;

"Permitted Security Interest" means:

(a) any Security Interest existing on the Issue Date;

(b) any Security Interest upon, or with respect to, any Principal Property or shares or equity stock of any Restricted Subsidiary (which becomes a Restricted Subsidiary after the Issue Date) existing before the date of such Restricted Subsidiary becoming a Restricted Subsidiary, provided that such Security Interest was not created in contemplation of such Restricted Subsidiary becoming a Restricted Subsidiary;

(c) any Security Interest upon, or with respect to, any Principal Property or shares or equity stock of any Restricted Subsidiary acquired by the Issuer or any Restricted Subsidiary as security for, or for indebtedness incurred to finance, all or part of the price of its acquisition or the costs of its construction, development modification or improvement;

(d) any Security Interest upon, or with respect to, any Principal Property or shares or equity stock of any Restricted Subsidiary which is acquired by the Issuer or any Restricted Subsidiary subject to such Security Interest, provided that such Security Interest was not created in contemplation of such acquisition;

(e) any Security Interest arising by operation of law and not securing amounts more than 90 days overdue unless being contested in good faith;

(f) judgment Security Interests not giving rise to an Event of Default;

(g) any Security Interest securing taxes or assessments or other applicable governmental charges or levies which are not overdue or are being contested in good faith and adequate reserves or provisions (if any) as may be required have been established or made in accordance with applicable generally accepted accounting principles;

(h) any Security Interest in favour of the Issuer or a Restricted Subsidiary and securing any Relevant Indebtedness of another Restricted Subsidiary that is owed to the Issuer or that Restricted Subsidiary;

(i) any Security Interest arising under a Sale and Leaseback Transaction permitted under Condition 4.3;

(j) any extension, renewal or replacement of any Security Interest referred to in paragraphs (a) to (i) (inclusive) above to secure amounts not exceeding the principal amount of the Relevant Indebtedness secured by such Security Interest, provided that the Principal Property or shares or equity stock of the Restricted Subsidiary secured by the extended, renewed or replaced Security Interest is limited to all or a part of the same Principal Property or shares or equity stock of the Restricted Subsidiary that was the subject of the Security Interest so extended, renewed or replaced (together with any improvements to such Principal Property).

"Principal Property" means any present or future building, structure or other facility, together with the land upon which it is erected and fixtures comprising a part thereof that is owned or leased by the Issuer or any of its Subsidiaries and has a gross book value (without deduction of any applicable depreciation reserves) on the date as of which the determination is being made of more than 2 per cent. of the Consolidated Net Tangible Assets of the Issuer, other than any such building, structure or facility which, in the opinion of the Board of Directors of the Issuer, is determined in good faith not to be materially important to the total business conducted by the Issuer and its Subsidiaries, taken as a whole, and "Principal Properties" shall be construed accordingly;

"Relevant Indebtedness" means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any borrowed money and (ii) any guarantee or indemnity of any such indebtedness;

"Restricted Subsidiary" means any Subsidiary of the Issuer that owns or leases any Principal Property;

"Sale and Leaseback Transaction" means any arrangement entered into by the Issuer or any Restricted Subsidiary with any lender or investor, or to which that lender or investor is a party, providing for the leasing by the Issuer or that Restricted Subsidiary of any Principal Property which has been or is being sold or transferred by the Issuer or that Restricted Subsidiary more than 6 months after its acquisition by the Issuer or the Restricted Subsidiary or the completion of its construction or commencement of its operation to that lender or investor or to any person to whom any amount has been or is to be advanced by that lender or investor on the security of that Principal Property. The stated maturity of any such arrangement shall be the date of the last payment of rent or any other amount due under the arrangement before the first date on which it may be terminated by the lessee without payment of any penalty (which termination date may also be the date of such last payment); and

"Subsidiary" means, in relation to the Issuer, any company other than Coca-Cola İçecek (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer (but shall not include any company which is a Subsidiary of Coca-Cola İçecek).

4.3 Limitation on Sale and Leaseback Transactions

So long as any of the Notes remain outstanding, the Issuer will not, and the Issuer will procure that none of its Restricted Subsidiaries will, enter into any Sale and Leaseback Transaction in respect of any Principal Property, other than any such transaction involving a lease for a term (including extensions and renewals) of not more than three years or any transaction between the Issuer and any Restricted Subsidiaries, or between Restricted Subsidiaries, unless:

(a) the Issuer or the Restricted Subsidiary, as the case may be, could, in accordance with the provisions of Condition 4.1, enter into a Sale and Leaseback Transaction in respect of such Principal Property or create or have outstanding any Security Interest upon, or with respect to, such Principal Property to secure any Relevant Indebtedness without equally and rateably securing the Notes or providing for such other Security Interest or other arrangement as is approved by an Extraordinary Resolution of the Noteholders; or

(b) the Issuer or the Restricted Subsidiary, as the case may be, applies, within 120 days of the effective date of the sale or transfer of the relevant Principal Property, an amount equal to the Attributable Value of such Sale and Leaseback Transaction to either (or a combination of) (i) the prepayment, repayment, redemption, reduction or retirement of indebtedness which matures more than 12 months after the date on which it is incurred, assumed, guaranteed or otherwise arises or (ii) expenditures for the acquisition, construction, development or improvement of any Principal Property.

5 INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes will bear interest from and including 29 June 2021 at the rate of 3.375 per cent. per annum, payable semi-annually in arrear on each of 29 December and 29 June in each year (each an "Interest Payment Date"). The first payment (for the period from and including 29 June 2021 to but excluding 29 December 2021 and amounting to US$16.875 per US$1,000 principal amount of Notes) shall be made on 29 December 2021.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six month interest period, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

6 PAYMENTS

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by US dollar cheque drawn on a bank that processes payments in US dollar mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid on such Interest Payment Date to the holder shown on the register of Noteholders at the close of business on the date (the "record date") being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Noteholder's registered account means the US dollar account maintained by or on behalf of it with a bank that processes payments in US dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof ("FATCA"), or any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In these Conditions, "Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority;

(c) there will at all times be a Paying Agent in a jurisdiction within Europe; and

(d) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 29 June 2028 (the “Maturity Date”).

7.2 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 25 June 2021, on the next Interest Payment Date (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and (ii) the Issuer would be required to make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, at a rate in excess of the prevailing applicable rates on 25 June 2021; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

7.3 Optional Redemption

(a) Unless a Change of Control Put Notice has been given pursuant to Condition 7.4, the Issuer may on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes, but not some only, at any time:

(i) during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption.

(ii) prior to the day that is 90 days prior to the Maturity Date at the Make-Whole Redemption Price defined below. The Make-Whole Redemption Price shall be notified by the Issuer to the Noteholders in accordance with Condition 12 as soon as practicable after its determination and in any event by no later than two Business Days prior to the date fixed for redemption.

(b) For the purposes of these Conditions:

(i) "Determination Agent" means a leading investment bank or financial institution of international standing or other adviser with appropriate expertise, in each case with experience of determining such matters as are contemplated by this Condition 7.3 selected by the Issuer;

(ii) "Comparable Treasury Issue" means the United States Treasury security or securities selected by the Determination Agent that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;

(iii) "Comparable Treasury Price" means, with respect to any date fixed for redemption, (A) the arithmetic average of the Reference Treasury Dealer Quotations for such date fixed for redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, (B) if the Determination Agent obtains fewer than four such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations, or (C) if only one such Reference Treasury Dealer Quotation is obtained, the amount of the Reference Treasury Dealer Quotation so obtained;

(iv) "Make Whole Redemption Price" means in respect of each Note, the greater of (a) the principal amount of such Note and (b) the amount equal to the sum of the then present values of the Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of 12 months of 30 days each) at the U.S. Treasury Rate plus a spread of 35 basis points, together with accrued interest (if any) on the principal amount of the Notes to be redeemed to (but excluding) the date of redemption, all as determined by the Determination Agent;

(v) "U.S. Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (on the basis of a 360-day year consisting of 12 months of 30 days each and computed as of the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date;

(vi) "Reference Treasury Dealer" means (A) each of the five banks or firms selected by the Determination Agent, which are nationally recognised primary United States government securities dealers, or (B) such other five persons operating in the market for the Comparable Treasury Issue as are selected by the Determination Agent in consultation with the Issuer;

(vii) "Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third Business Day immediately preceding such redemption date; and

(viii) "Remaining Scheduled Payments" means, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption, provided, however, that if that redemption date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to the redemption date.

Any notice of redemption given under this Condition 7.3 will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 7.2.

7.4 Redemption at the Option of the Holders Upon a Change of Control

If a Change of Control Put Event occurs, the Issuer will, upon any Noteholder giving to the Issuer through an Agent notice within the Change of Control Put Period (unless prior to the giving of such notice the Issuer has given notice of redemption under Condition 7.2 or Condition 7.3) redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date at 101 per cent. of their principal amount (the "Change of Control Redemption Amount") together with interest (if any) accrued to (but excluding) the date of redemption.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 12 (a "Change of Control Notice") specifying the nature of the relevant Change of Control Put Event, the circumstances giving rise to it and the procedure for Noteholders to exercise their rights to require redemption of any Notes pursuant to this Condition 7.4.

To exercise such right, any holder of the Notes must deliver at the specified office of any Agent on any Business Day falling within the Change of Control Put Period, a duly signed and completed notice of exercise in the form obtainable from any specified office of any Agent (a "Change of Control Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by the Certificate for such Notes or evidence satisfactory to the Agent concerned that the Certificate for such Notes will, following the delivery of the Change of Control Put Notice, be held to its order or under its control. A Change of Control Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

If 85 per cent. or more in nominal amount of the Notes outstanding on the Change of Control Redemption Date immediately prior to any redemption of the Notes pursuant to this Condition 7.4 are redeemed on such redemption, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (such notice to be given within 30 days of the Change of Control Redemption Date), redeem all but not some only of the remaining outstanding Notes at the Change of Control Redemption Amount together with interest (if any) accrued to (but excluding) the date of redemption.

For the purposes of this Condition 7.4:

"Anadolu Group" means AG Anadolu Grubu Holding A.Ş.;

a "Change of Control" will occur if at any time either (i) the Anadolu Group ceases to own, directly or indirectly, at least 35 per cent. of the issued share capital of the Issuer or otherwise ceases to control, directly or indirectly the Issuer or (ii) the Issuer ceases to own, directly or indirectly, more than 50 per cent. of the issued share capital of Coca-Cola İçecek or otherwise ceases to control, directly or indirectly Coca-Cola İçecek. For the purposes of this definition, Anadolu Group, in the case of the Issuer, and the Issuer, in the case of Coca-Cola İçecek, will be deemed to "control" the Issuer or Coca-Cola İçecek, respectively, if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Issuer or Coca-Cola İçecek;

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a "Change of Control Put Event" will be deemed to occur if a Change of Control occurs and on the Relevant Announcement Date the Notes have:

(a) been assigned at the invitation of the Issuer:

  (i) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to an investment grade rating or re-assign an investment grade rating to the Notes by the end of the Change of Control Period; or

  (ii) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to, or re-assign a credit rating to the Notes of, the category assigned to the Notes on the Relevant Announcement Date or better by the end of the Change of Control Period,

  provided that if on the Relevant Announcement Date the Notes have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (i) only will apply; or

(b) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period;

"Change of Control Put Period" means the period of 30 days following the date on which a Change of Control Notice is given;

"Change of Control Redemption Date" means the fifth Business Day following the expiry of the Change of Control Put Period, unless previously redeemed or purchased and cancelled;

an "investment grade rating" shall mean, in relation to SPGRE, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, Inc., a rating of BBB- or above and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

a "Negative Rating Event" shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Notes by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a credit rating that is an investment grade rating by the end of the Change of Control Period;

a "non-investment grade rating" shall mean, in relation to SPGRE, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, Inc., a rating of BB+ or below and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

"Rating Agency" means S&P Global Ratings Europe Limited ("SPGRE"), Fitch Ratings Ltd. ("Fitch") or Moody's Investors Service Ltd. ("Moody's"), or any of their respective successors, or any other rating agency of international standing;

"Relevant Announcement Date" means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any); and

"Relevant Potential Change of Control Announcement" means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

7.5 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Conditions 7.2, 7.3 or 7.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8 TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable for the Taxes in respect of the Note by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment in the Republic of Turkey; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

8.2 Interpretation

In these Conditions:

(a) "Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) "Relevant Jurisdiction" means the Republic of Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8.

9 PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10 EVENTS OF DEFAULT

10.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to (but excluding) the date of repayment, if any of the following events ("Events of Default") shall have occurred and be continuing:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 3 Business Days in the case of principal or 20 Business Days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 90 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or (as the case may be) within any originally applicable grace period for the payment thereof; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate nominal amount of any such Indebtedness for Borrowed Money of the Issuer or such Principal Subsidiary in the case of (i), (ii) and/or (iii) above, and/or amount of Indebtedness for Borrowed Money in relation to which such guarantee and/or indemnity of the Issuer or such Principal Subsidiary has been given in the case of (iv) above, is at least US$50,000,000 (or its equivalent in any other currency or currencies); or

(d) if (i) the Issuer or any of its Principal Subsidiaries sells or otherwise disposes of the whole or substantially the whole of its assets or ceases or threatens to cease to carry on the whole or substantially the whole of its business (other than (A) in respect of a Change of Control of Coca-Cola İçecek and (B) in the case of Coca-Cola İçecek as a Principal Subsidiary, any sale or disposal by Coca-Cola İçecek of the whole or substantially the whole of its assets or the ceasing to carry on by Coca-Cola İçecek of the whole or substantially the whole of its business) or (ii) an order is made by any competent court or an effective resolution is passed for the winding-up (*tasfiye*), dissolution (*infisah*) or liquidation (*iradi tasfiye*) of the Issuer or any of its Principal Subsidiaries, save for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring while solvent (I) in the case of a Principal Subsidiary, by which the assets and undertaking of that Principal Subsidiary are transferred to the Issuer and/or any other Subsidiary(ies) of the Issuer or (II) on terms approved by an Extraordinary Resolution of Noteholders, or (iii) the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or, by a court of competent jurisdiction, insolvent; or

(e) if (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator (*kayyum*), liquidator (*tasfiye memuru*) or other similar official, or an administrative or other receiver, manager, administrator (*kayyum*), liquidator (*tasfiye memuru*) or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator (*kayyum*) or liquidator (*tasfiye memuru*)) unless initiated by the relevant company, any amount (A) in respect of which such proceedings or process are initiated or (B) of any indebtedness in respect of which such application is made or which is secured by the relevant encumbrance, is at least US$50,000,000 and the relevant proceedings, application, appointment, taking of possession or process is not discharged within 90 days; or

(f) if the Issuer or any of its Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 Interpretation

For the purposes of this Condition 10:

(a) a "Principal Subsidiary" means at any time a Subsidiary of the Issuer (including, for the purposes of this Condition 10, other than Condition 10.1(c), Coca-Cola İçecek):

(i) whose total sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or, as the case may be, consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of a transferee Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate sales equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total sales equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement; and

(b) "Indebtedness for Borrowed Money" means any indebtedness (whether being principal, interest or other amounts) for or in respect of any borrowed money.

10.3 Reports

A certificate of two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Certificate, with the Fiscal Agent or, if the Certificates are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13 MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., of the principal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

13.2 Modification

The parties to the Fiscal Agency Agreement may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest thereon and the date from which interest starts to accrue, which may be consolidated and form a single series with the outstanding Notes.

15 GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Agency Agreement, the Deed of Covenant and the Notes, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes, are governed by, and will be construed in accordance with, English law.

15.2 Jurisdiction of English courts

The Issuer has irrevocably agreed for the benefit of the Noteholders that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and any non-contractual obligations arising out of or in connection with the Notes, and accordingly has submitted to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London). The Issuer has waived any objection to the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) on the grounds that they are an inconvenient or inappropriate forum.

To the extent permitted by any applicable law, the Noteholders may take any suit, action or proceeding arising out of or in connection with the Notes (together referred to as "Proceedings") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

15.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in the Republic of Turkey in connection with the Notes, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), any judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer, pursuant to the provisions of the first sentence of Article 193 of the Civil Procedure Code of Turkey (Law No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Turkey (Law No. 5718).

15.4 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Hackwood Secretaries Limited at its registered office at One Silk Street, London EC2Y 8HQ, United Kingdom as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

15.5 Other Documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) and appointed an agent in England for service of process, in terms substantially similar to those set out above.

16 RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions of the Notes have the same meaning in paragraphs in this "The Global Certificates" section.

Accountholders

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the "Relevant Nominee") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

Notices

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to such clearing system.

Whilst any of the Notes held by a Noteholder are represented by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

Change of control put exercise notice

For so long as any Note is represented by a Global Certificate, to exercise the right to require redemption of this Note under Condition 7.4 the Noteholder must, within the notice period set out in Condition 7.4, give notice to any Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable (which may include notice being given on such Noteholder's instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to any Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or DTC, as applicable, from time to time.

Any notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable, by a Noteholder under Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw such notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, Luxembourg or DTC, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Certificate or, in the case of DTC only, DTC ceases to be a clearing agency registered under the US Securities Exchange Act of 1934, and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from Euroclear, Clearstream, Luxembourg or DTC or becoming aware that DTC is no longer so registered. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions of the Notes, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "Exchanged Global Certificate") becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under "*Book-Entry Clearance Systems*".

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of each of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Joint Bookrunners takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of the Clearing Systems or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in participants' accounts. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes held through DTC will be represented by the Restricted Global Certificate registered in the name of Cede & Co., as nominee for DTC, and held by a custodian for DTC. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear, Clearstream, Luxembourg and DTC to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of book-entry interests in

Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or, if individual Certificates are issued in the limited circumstances described under "*The Global Certificates—Registration of Title*", holders of Notes represented by those individual Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Issuer for holders of book-entry interests in the Notes holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by the two Global Certificates. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the Closing Date.

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

General

None of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent or any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

This is a general summary of certain US federal and Turkish income tax considerations in connection with an investment in the Notes. This summary does not address all aspects of US federal and Turkish income tax law and does not discuss any state or local tax considerations. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Prospectus, there can be no assurance that those laws or the interpretation of those laws will not change. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. **Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction.** References to "resident" herein refer to tax residents of Turkey and references to "non-resident" herein refer to persons who are not tax residents of Turkey.

Certain US Federal Income Tax Consequences

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Notes by a US Holder (as defined below). This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are US Holders that will hold the Notes as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, US Holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US Dollar).

As used herein, the term "US Holder" means a beneficial owner of Notes that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Turkey (the “Treaty”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

US Federal Income Tax Characterization of the Notes

The Issuer expects, and this discussion assumes, that the terms of the Notes, including the possible payment of a premium pursuant to a Change of Control Put Event (see “*Conditions of the Notes—Condition 7.4*”), will not cause the Notes to be classified as “contingent payment debt instruments” for US federal income tax purposes. However, no rulings have been or will be sought from the US Internal Revenue Service, (the “IRS”), with respect to the Notes. If this conclusion were to be successfully challenged by the IRS, US Holders would be subject to different rules than those described below. Prospective investors should consult their own advisors with respect to these matters and the significance of a possible recharacterization in their particular situations.

Payments of Interest

Interest on a Note will be taxable to a US Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for US federal income tax. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for nontax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for US federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Sale, Exchange and Redemption of Notes

A US Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the US Holder’s adjusted tax basis of the Note. A US Holder’s adjusted tax basis in a Note generally will be its US Dollar cost reduced by the amount of any principal paid on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognised by a US Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the US Holder for more than one year.

Information Reporting and Backup Withholding

Payments of principal and interest on, and the proceeds of sale or other disposition of Notes, by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Turkey in Notes of a Turkish company issued abroad. The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Turkey. Each investor should consult its own tax advisers concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Turkey or (b) applicable to a resident of Turkey or a permanent establishment in Turkey that is constituted either by the existence of a fixed place of business or appointment of a permanent representative.

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable for Turkish taxes on its trading income made through a permanent establishment or on income otherwise sourced in Turkey.

An individual is a resident of Turkey if such individual has established domicile in Turkey or stays in Turkey more than six months in a calendar year. On the other hand, foreign individuals who stay in Turkey for six months or more for a specific job or business or particular purposes that are specified in the Turkish Income Tax Law may not be treated as a resident of Turkey, depending on the characteristics of their stay. A resident individual is liable for Turkish taxes on his or her worldwide income, whereas a non-resident individual is only liable for Turkish taxes on income sourced in Turkey.

Income from capital investment is sourced in Turkey when the principal is invested in Turkey. Capital gain derived from trading income is considered sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term “accounted for” means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey or apportioned from the profits of the payer or the person on whose behalf the payment is made in Turkey.

Any withholding tax levied on income derived by a non-resident person is the final tax for the non-resident person and no further declaration is required. Any other income of a non-resident person sourced in Turkey that has not been subject to withholding tax will be subject to taxation through declaration where exemptions are reserved.

Interest paid on notes (such as the Notes) issued abroad by Turkish corporates is subject to withholding tax. Through the Tax Decrees, the withholding tax rates are set according to the original maturity of notes issued abroad as follows:

- 7 per cent. withholding tax for notes with an original maturity of less than 1 year,
- 3 per cent. withholding tax for notes with an original maturity of at least 1 year and less than 3 years, and

- 0 per cent. withholding tax for notes with an original maturity of 3 years and more.

Such withholding tax is the final tax for a non-resident person and no further declaration is required.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Turkey with respect to the Notes may be subject to declaration; however, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6555 and 7256, special or separate tax returns will not be submitted for capital gains from the notes of a Turkey-resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on non-residents in respect of capital gains from the Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Capital gains realised by a resident corporation or individual on the sale or redemption of the Notes (or beneficial interests therein) are subject to income tax or corporate (income) tax declaration. The general rate of corporate income tax in Turkey is 25 per cent. and 23 per cent. for financial periods that start in 2021 and 2022, respectively, increased from 22 per cent. for financial periods that started in 2018, 2019 and 2020, and the rate for individuals' income tax ranges from 15 per cent. to 40 per cent. at progressive rates. The capital gains are, in principle, calculated in local currency terms and resident individuals' acquisition cost can be increased at the Producer Price Index's rate of increase for each month except for the month of discharge, so long as such index increased by at least 10 per cent.

Reduced Withholding Tax Rates

Under current Turkish laws and regulations, the general rate of withholding tax applicable to interest payments on notes is 10 per cent., and for notes issued abroad by a Turkey-resident corporation will be subject to withholding tax at a rate between 7 per cent. and 0 per cent. (inclusive) in Turkey, as detailed above.

If a double taxation treaty is in effect between Turkey and the country of which the holder of the notes is an income tax resident (in some cases, for example, pursuant to the treaties with the United Kingdom and the United States, the term "beneficial owner" is used) that provides for the application of a lower withholding tax rate than the local rate to be applied by the issuer corporation, then the lower rate may be applicable. For the application of withholding at a reduced rate that benefits from the provisions of a double tax treaty concluded between Turkey and the country in which the investor is an income tax resident, an original copy of the certificate of residence signed by the competent authority referred to in Article 3 of the Treaty is required, together with a translated copy certified by the notary or Turkish Embassy in the relevant country, to verify that the investor is subject to taxation over its worldwide gains in the relevant country on the basis of resident taxpayer status, as a resident of the relevant jurisdiction to the related tax office directly or through the banks and intermediary institutions prior to the application of withholding. In the event that the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, a refund of the excess tax shall be granted pursuant to the provisions of the relevant double taxation treaty and the Turkish tax legislation.

Value Added Tax

Bond issuances and interest payments on the bonds are exempt from the Value Added Tax ("VAT") pursuant to the Article 17/4(g) of the Value Added Tax Law No. 3065, as amended pursuant to the Turkish Tax Bill Regarding Improvement of the Investment Environment (Law No. 6728), published in the Official Gazette dated 9 August 2016 and numbered 29796.

PLAN OF DISTRIBUTION

The Company intends to offer the Notes through the Joint Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated 25 June 2021 among the Joint Bookrunners and the Company (the "Subscription Agreement"), each of the Joint Bookrunners has severally agreed to purchase, and the Company has agreed to sell to each of the Joint Bookrunners, the principal amount of the Notes set forth opposite each Joint Bookrunner's name below.

	Principal Amount of Notes
	(US$ millions)
Joint Bookrunners	
BNP PARIBAS	125
Citigroup Global Markets Limited	125
HSBC Bank plc	125
J.P. Morgan Securities plc	125
Total	500

The Subscription Agreement provides that the obligations of the Joint Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint Bookrunners is subject to receipt and acceptance and subject to the Joint Bookrunners' right to reject any order in whole or in part.

The Company has been informed that the Joint Bookrunners propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-US persons outside the United States in reliance upon Regulation S. See "*Transfer Restrictions*". The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Joint Bookrunners or their affiliates that are registered broker-dealers under the Exchange Act, or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*".

Accordingly, until 40 days after the closing date of this Offering (the "Distribution Compliance Period"), an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Notes will constitute a new class of securities of the Company with no established trading market. The Company cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering. The Joint Bookrunners have advised the Company that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Applications have been made to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Main Securities Market; *however*, no assurance can be given that such applications will be accepted. Accordingly, the Company cannot provide any assurances to investors as to the liquidity of or the trading market for the Notes.

In connection with the Offering, one or more Joint Bookrunner(s) may purchase and sell Notes (or beneficial interests therein) in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Joint Bookrunners in this Offering, which creates a short position for the Joint Bookrunners. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Bookrunners may conduct these transactions in the over-the-counter market or otherwise. If the Joint Bookrunners commence any of these transactions, they may discontinue them at any time.

The Company expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date specified on the cover page of this Prospectus, which will be the fifth Business Day following the date of pricing of the Notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-l of the Exchange Act, trades in the secondary market generally are required to settle in three New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes on the date of this Prospectus or the next New York business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes on the date of this Prospectus or the next New York business days should consult their own adviser.

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners or their respective affiliates may have performed investment banking and advisory services for the Company and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Bookrunners or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Company and its affiliates in the ordinary course of their business. Certain of the Joint Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to the Company and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company. In addition, certain of the Joint Bookrunners and/or their respective affiliates hedge their credit exposure to the Company pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby.

The Company has agreed to indemnify each Joint Bookrunners against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint Bookrunners may be required to make because of those liabilities.

SELLING RESTRICTIONS

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Company has not registered the Notes under the Securities Act or the laws of any state securities commission and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*".

Turkey

THE OFFERING OF THE NOTES HAS BEEN AUTHORISED BY THE CMB ONLY FOR THE PURPOSE OF THE SALE OF THE NOTES OUTSIDE OF TURKEY IN ACCORDANCE WITH ARTICLE 15(B) OF DECREE 32, ARTICLE 11 OF THE CAPITAL MARKETS LAW AND THE COMMUNIQUÉ. THE NOTES (OR BENEFICIAL INTERESTS THEREIN) MUST BE OFFERED OR SOLD OUTSIDE OF TURKEY AND THE CMB HAS AUTHORISED THE OFFERING OF THE NOTES; *PROVIDED* THAT, FOLLOWING THE PRIMARY SALE OF THE NOTES, NO TRANSACTION THAT MAY BE DEEMED AS A SALE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) IN TURKEY BY WAY OF PRIVATE PLACEMENT OR PUBLIC OFFERING MAY BE ENGAGED IN. PURSUANT TO ARTICLE 15(D)(II) OF DECREE 32, THERE IS NO RESTRICTION ON THE PURCHASE OR SALE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) BY RESIDENTS OF TURKEY; *PROVIDED* THAT THEY PURCHASE OR SELL SUCH NOTES (OR BENEFICIAL INTERESTS THEREIN) IN THE FINANCIAL MARKETS OUTSIDE OF TURKEY AND SUCH SALE AND PURCHASE IS MADE THROUGH BANKS AND/OR LICENSED BROKERAGE INSTITUTIONS AUTHORISED BY THE BRSA AND/OR PURSUANT TO CMB REGULATIONS AND THE PURCHASE PRICE IS TRANSFERRED THROUGH SUCH LICENSES BANKS. AS SUCH, TURKISH RESIDENTS SHOULD USE BANKS OR LICENSED BROKERAGE INSTITUTIONS WHEN PURCHASING ANY NOTES (OR BENEFICIAL INTERESTS THEREIN) AND TRANSFER THE PURCHASE PRICE THROUGH SUCH LICENSED BANKS. THE ISSUER HAS OBTAINED THE CMB APPROVAL LETTER DATED 21 MAY 2021 AND NUMBERED E-29833736-105.02.02-6419 TOGETHER WITH THE CMB APPROVED ISSUANCE CERTIFICATE (*ONAYLANMIŞ IHRAÇ BELGESI*) AND THE WRITTEN APPROVAL OF THE CMB RELATING TO THE ISSUE OF THE NOTES (WHICH MAY BE IN THE FORM OF A TRANCHE ISSUANCE CERTIFICATE (*TERTIP IHRAÇ BELGESI*)) WILL BE OBTAINED FROM THE CMB ON OR BEFORE THE SALE AND ISSUANCE OF THE NOTES.

THE JOINT BOOKRUNNERS HAVE AGREED THAT NEITHER THEY, NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT

BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES, HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITHIN TURKEY IN CONNECTION WITH THE NOTES. THE JOINT BOOKRUNNERS HAVE FURTHER AGREED THAT NEITHER THEY NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES (I) HAVE ENGAGED OR WILL ENGAGE IN ANY FORM OF GENERAL SOLICITATION OR GENERAL ADVERTISING IN CONNECTION WITH ANY OFFER AND SALE OF THE NOTES IN TURKEY, OR (II) WILL MAKE ANY DISCLOSURE IN TURKEY IN RELATION TO THE ISSUER, THE NOTES OR THIS PROSPECTUS WITHOUT THE PRIOR CONSENT OF THE ISSUER, SAVE AS MAY BE REQUIRED BY APPLICABLE LAW, COURT ORDER OR REGULATION.

Prohibition of Sales to EEA Retail Investors

(i) Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the EEA. For the purposes of this provision:

   (A) the expression "retail investor" means a person who is one (or more) of the following:

      (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

      (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(ii) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the UK. For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

   (A) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

   (B) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; and

(ii) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Joint Bookrunner has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company, and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Hong Kong

Each Joint Bookrunner has represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Canada

Each Joint Bookrunner represents and agrees that it has offered and sold and will offer and sell the Notes only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, investors in the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. References to Notes in this section should, as appropriate, be deemed to refer to the Notes themselves and/or beneficial interests therein.

According to Article 15d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents of Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad on an unsolicited (reverse inquiry) basis through licensed banks and/or licensed brokerage institutions authorized by the BRSA and/or pursuant to the CMB regulations, and to transfer their purchasing proceeds abroad only through such licensed banks.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("Regulation S").

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-US persons in reliance on Regulation S. The Subscription Agreement provides that the Joint Bookrunners may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

144A

Each purchaser of the Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a qualified institutional buyer within the meaning of Rule 144A (a "QIB"), (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Notes, unless otherwise agreed between the Company in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

(4) The Company, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(5) It understands that the Notes offered in reliance on Rule 144A will be represented by the DTC Restricted Global Note. Before any interest in the DTC Restricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the DTC Unrestricted Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S

(1) Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(2) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Company or a person acting on behalf of such an affiliate.

(3) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(4) The Company, the Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(5) It understands that the Notes offered in reliance on Regulation S will be represented by the DTC Unrestricted Global Note. Prior to the expiration of the distribution compliance period, before any interest in the DTC Unrestricted Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the DTC Restricted Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and executive officers of the Company named herein reside inside Turkey and all or a significant portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce foreign judgments in Turkey, investors should initiate enforcement lawsuits before the competent Turkish courts. In accordance with Articles 50 to 59 of Turkish International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

- There is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments (*de jure reciprocity*),
- there is *de facto* enforcement in such country of judgments rendered by Turkish courts (*de facto reciprocity*), or
- there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and either the United States or the United Kingdom providing for reciprocal enforcement of judgments. As to *de facto* reciprocity between New York State and Turkey, the Company is aware of a court precedent in which the Supreme Court of the State of New York upheld the existence of reciprocity with Turkey and permitted enforcement of a Turkish court judgment. In 2005, the Supreme Court of the State of New York decided that a judgment of the First Commercial Court of Turkey may be enforced in the State of New York with respect to the enforcement of court judgments. Turkish courts have rendered at least one judgment in the past confirming *de facto* reciprocity between Turkey and the United Kingdom; *however*, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by the Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based upon the United States federal or any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

- the defendant was not duly summoned or represented or the defendant’s fundamental procedural rights were not observed and the defendant appeals before a Turkish court against the request for enforcement on either of these grounds,
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey,
- the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey,
- the judgment is not of a civil nature,
- the judgment is clearly against public policy rules of Turkey,
- the court rendering the judgment did not have jurisdiction to render such judgment,

- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered, or

- the judgment was rendered by a foreign court, which treated itself as competent even though it had no actual relationship with the parties or the subject matter at hand and the defendant appeals before the Turkish court against the request for enforcement on this ground.

Furthermore, to be enforceable under the laws of Turkey, the choice of laws of a foreign jurisdiction or submission to the jurisdiction of the courts of such a foreign jurisdiction should indicate the competent courts with sufficient precision. Therefore, lack of precision while determining the competent court of a foreign jurisdiction may render the choice of foreign court unenforceable.

As a result, it may not be possible to:

- effect service of process outside Turkey upon any of the directors and executive officers named in this Prospectus; or

- enforce, in Turkey, court judgments obtained in courts of jurisdictions other than Turkey against the Company or any of the directors and executive officers named in this Prospectus in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

Furthermore, as a matter of Turkish law, the choice of jurisdiction requires explicit agreement of the parties as to the exclusive jurisdiction of a particular court, defined with sufficient precision. Non-exclusive jurisdiction clauses or general references to courts of a country may not be honoured by Turkish courts. Therefore, any Turkish court may claim jurisdiction if a lawsuit is filed in Turkey by the parties in relation to a document regarding matters arising thereunder and may refrain from honouring relevant jurisdiction clauses in the event it is considered that such explicit agreement is lacking as to the jurisdiction of a particular court(s).

In any suit or action against the Issuer in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*); provided, however, that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Turkey by Law No. 1574), save for the legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Turkey which is duly ratified and contains, inter alia, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

LEGAL MATTERS

Certain matters as to United States law and English law will be passed upon for the Company by Linklaters LLP and by Paksoy Ortak Avukat Bürosu as to matters of Turkish law (who will also pass upon matters of Turkish tax law). Certain matters as to English and United States law will be passed upon for the Joint Bookrunners by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Joint Bookrunners by Gedik Eraksoy Avukatlık Ortaklığı (who will also pass upon matters of Turkish tax law).

OTHER GENERAL INFORMATION

Authorisation

The issuance and sale of the Notes by the Company and the execution and delivery by the Company of the transaction documents have been authorised pursuant to the authority of the officers of the Company under a resolution of its Board of Directors dated 29 April 2021 and numbered 2021/536.

Listing

Application has been made to Euronext Dublin for the Notes to be admitted to Official List and to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II. It is expected that admission of the Notes to the Official List and to trading on the Regulated Market will be granted on or about the Issue Date, subject only to the issue of the Notes.

The estimated total expenses related to the admission of the Notes to trading on the Regulated Market are approximately US$9,500.

Listing Agent

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Company in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on its Regulated Market for the purposes of the Prospectus Regulation.

Clearing Systems

The Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN XS2355105292 and Common Code 235510529). Application has been made for acceptance of the Restricted Global Certificate into DTC's book-entry settlement system (ISIN US032523AB81 and CUSIP 032523 AB8).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

No Significant or Material Adverse Change

There has been no significant change in the financial performance or financial position of either the Group or the Company since 31 March 2021 and there has been no material adverse change in the prospects of either the Group or the Company since 31 December 2020.

Interests of Natural and Legal Persons Involved in the Issue

So far as the Company is aware, no person involved in the offer of the Notes has an interest material to the offer.

Independent Auditors

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Deloitte Turkey"), a member of Deloitte Touche Tohmatsu Limited ("Deloitte''), independent auditors, audited the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements as stated in their reports thereon included herein, without qualification, in accordance with the Standards on Auditing as issued by the CMB and the Auditing Standards, which are part of TAS as issued by the POA.

Deloitte Turkey reviewed the Q1 2021 Reviewed Interim Financial Statements in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the POA.

Deloitte Turkey, independent certified public accountants in Turkey, are authorised by the CMB and POA to conduct independent audits of companies in Turkey.

Certain Information about the Company

Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi is a holding and operating company that was incorporated in İstanbul, Turkey on 2 February 1966, under registration number 91324. The Company operates under the Turkish Commercial Code. The Company's principal office is at Fatih Sultan Mehmet Mahallesi Balkan Cad. Buyaka E Blok No: 58/24 Ümraniye/İstanbul, Turkey and its telephone number is +90 (0216) 586 80 00. The Company's legal entity identifier ("LEI") is: 7890006LGARYVIPOJX03.

Documents

The Company produces audited consolidated annual and reviewed consolidated quarterly and semi-annual interim financial statements. Copies (with English translations where the documents at issue are not in English) of the Company's articles of association, its audited financial statements as of and for the years ended 31 December 2020, 2019 and 2018, its reviewed financial statements as of the three months ended 31 March 2021 and copies of the transaction documents referred to herein (including the forms of the Notes) will be available for inspection at the principal offices of the Company in İstanbul and at the specified office of the Fiscal Agent in London.

As long as the Notes are outstanding, copies of this Prospectus, the constitutional documents of the Company and (after the Issue Date) the Deed of Covenant and the Agency Agreement will be available for inspection at the principal offices of the Company in İstanbul and at the specified office of the Fiscal Agent in London.

In addition, copies of these documents will also be available in electronic format on the Issuer's website (https://www.anadoluefes.com/en/sayfa/1/241/investor-relations).

Documents Incorporated by Reference

No document or content of any website is incorporated by reference into this Prospectus.

Material Contracts

Except as disclosed in this Prospectus under "*Description of Certain Indebtedness*" and "*Strategic Alliance with AB InBev and the AB InBev Relationship Agreement*", the Company has not entered into any material contract outside the ordinary course of its business that could result in the Company being under an obligation or entitlement that is material to its ability to meet its obligations in respect of the Notes.

Language

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

INDEX OF TERMS

As used in this Prospectus:

Definition	Meaning
2019 Audited Consolidated Financial Statements	means the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2019, which includes comparative financial information as at and for the year ended 31 December 2018
2020 Audited Consolidated Financial Statements	the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2020, which includes comparative financial information as at and for the year ended 31 December 2019
Q1 2021 Reviewed Interim Financial Statements	means the Group's reviewed condensed consolidated interim financial statements as at and for the three months ended 31 March 2021, which includes comparative financial information as at and for the three months ended 31 March 2021
AB InBev	means Anheuser-Busch InBev SA/NV
AB InBev Efes Group	means AB InBev Efes and its subsidiaries
AB InBev Efes Shareholders' Agreement	means the shareholders' agreement between the Company, AB InBev Western European Holding B.V., Efes Breweries International N.V., Anheuser-Busch InBev S.A./N.V. and AB InBev Efes B.V.
Admission	means admission to the Official List together with admission to trading on Euronext Dublin's Regulated Market
AEH	means Anadolu Endüstri Holding A.Ş.
Affiliate	means "Affiliate" as defined in Rule 144 under the Securities Act
Agency Agreement	means the agreement dated 29 June 2021 between Citibank N.A., London Branch and the Company
Anadolu Group	means AG Anadolu Grubu Holding A.Ş., with their subsidiaries and affiliates
Article 3 of Regulation (EC) No 1606/2002	means the regulation of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards
Audited Consolidated Financial Statements	means together the 2019 Audited Consolidated Financial Statements and the 2020 Audited Consolidated Financial Statements
Board and **Board of Directors**	means the executive and non-executive members of the Company's Board of Directors
Borsa İstanbul	means Borsa İstanbul Anonim Şirketi
Business Day	has the meaning ascribed to it in "Conditions of the Notes—Condition 2.2"
CAGR	means compound annual growth rate

Definition	Meaning
Capital Markets Law	means Law No. 6362 of the Republic of Turkey
CCİ	means Coca-Cola İçecek A.Ş
CCİ and its Bottlers	means CCİ together with its subsidiaries and joint ventures who operate the Coca-Cola franchise in Turkey and certain countries in Central Asia and the Middle East
CCİ Azerbaijan	means Azerbaijan Coca-Cola Bottlers Limited Liability Company, a company conducting Coca-Cola production, bottling, distribution and selling operations in Azerbaijan
CCİ Jordan	means Coca-Cola Bottling Company of Jordan Limited, a company conducting Coca-Cola production, bottling, distribution and selling operations in Jordan
CCİ Kazakhstan	means J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership, a company conducting Coca-Cola production, bottling, distribution and selling operations in Kazakhstan
CCİ Kyrgyzstan	means Coca-Cola Bishkek Bottlers Closed Joint Stock Company, a company conducting Coca-Cola production, bottling, distribution and selling operations in Kyrgyzstan
CCİ NIQ	means Sardkar for Beverage Industry/Ltd, a company conducting Coca-Cola production, bottling, distribution and selling operations in Northern Iraq
CCİ Pakistan	means Coca-Cola Beverages Pakistan Limited, a company conducting Coca-Cola production, bottling, distribution and selling operations in Pakistan
CCİ SIQ	means Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC, a company conducting Coca-Cola production, bottling, distribution and selling operations in Southern Iraq
CCİ Tajikistan	means Coca-Cola Beverages Tajikistan Limited Liability Company, a company conducting Coca-Cola production, bottling, distribution and selling operations in Tajikistan
CCİ Turkmenistan	means Turkmenistan Coca-Cola Bottlers, a company conducting Coca-Cola production, bottling, distribution and selling operations in Turkmenistan
Central Bank and **Turkish Central Bank**	means the Central Bank of the Republic of Turkey (*Türkiye Cumhuriyeti Merkez Bankası*)
CIS	means Commonwealth of Independent States
Clearing Systems	means DTC, Euroclear and Clearstream, Luxembourg
Clearstream, Luxembourg	means Clearstream Banking, S.A.
Closing Date	means 29 June 2021
CMB	means the Capital Markets Board of Turkey

Definition	Meaning
Communiqué	means the Communiqué Serial VII, No. 128.8 on the Debt Instruments of Turkey
Company, **Issuer and Anadolu Efes**	means Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi, a joint stock company
Competition Board	means the Competition Board of The Turkish Competition Authority
Consolidated Financial Statements	means the Q1 2021 Reviewed Interim Financial Statements together with the Audited Consolidated Financial Statements
CPI	means Consumer Price Index
CRA Regulation	means Regulation (EU) No. 1060/2009
Decree 32	means Decree 32 on the Protection of the Value of the Turkish Currency as amended from time to time
Distribution Compliance Period	means the period of 40 days following the closing date of this Offering
DTC	means the Depository Trust Company
EBI	means Efes Breweries International, N.V., a wholly-owned subsidiary of the Company and the holding company for the Group's international brewing operations
EBIT (BNRI)	means profit/(loss) for the period excluding (i) profit/(loss) from discontinued operations; (ii) investment activity income; (iii) investment activity expense; (iv) share of gain/(loss) from investments accounted for using equity method; (v) finance income; (vi) finance expense; (vii) tax (expense)/income, continuing operations; and (viii) non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the ordinary activities and include expenses related to acquisition, transaction or integration costs incurred during those processes.
EBIT (BNRI) Margin	means EBIT (BNRI) as a percentage of revenue
EBITDA (BNRI)	means profit/(loss) for the year (i) excluding profit/(loss) from discontinued operations: (ii) investment activity income; (iii) investment activity expense; (iv) share of gain/(loss) from investments accounted for using equity method; (v) finance income; (vi) finance expense; (vii) tax (expense)/income, continuing operations; (viii) depreciation and amortisation; (ix) provisions for employee benefits; (x) foreign exchange gains arising from operating activities; (xi) foreign exchange losses arising from operating activities; (xii) rediscount income; (xiii) rediscount expense; and (xiv) non-recurring items.
EBITDA (BNRI) Margin	means EBITDA (BNRI) as a percentage of revenue
EBITDA (BNRI) (LTM)	means EBITDA (BNRI) in the last twelve months, calculated for interim periods by adding EBITDA (BNRI) for the most recent

Definition	Meaning
	interim period to EBITDA (BNRI) for the most recent annual period and deducting EBTIDA (BNRI) for the prior interim period
EEA	means the European Economic Area
Efes Georgia	means J.S.C Lomisi, a subsidiary of the Company conducting the production, marketing and sales of beer in Georgia
Efes Kazakhstan	means J.S.C. Efes Kazakhstan Brewery together with International Beers Trading LLP, subsidiaries of the Company conducting the production, marketing and distribution of beer in Kazakhstan
Efes Moldova	means Efes Vitanta Moldova Brewery S.A., a subsidiary of the Company conducting the production and marketing of beer in Moldova
EFPA	means Efes Pazarlama ve Dagitim Tic. A.Ş., a subsidiary of the Company conducting sales, marketing and distribution of beer in Turkey
ESMA	means the European Securities and Markets Authority
EU	means the European Union and its member states as at the date of this Prospectus
EUR, **€** and **Euro**	means the currency of the participating member states in the third stage of the Economic and Monetary Union of the treaty establishing the European Community
Euroclear	means Euroclear Bank SA/N.V.
EUWA	means the European Union (Withdrawal Act) 2018
Exchange Act	means the United States Securities Exchange Act of 1934
Excise Duty Law	means Excise Duty Law numbered 4760 and published at the Official Gazette dated 12 June 2002 under number 24783
Fiscal Agent	means Citibank N.A., London Branch
Fitch	means Fitch Ratings Ltd.
Free Cash Flow	means cash flow from operating activities adjusted for (i) proceeds from sales of property, plant, equipment; (ii) cash outflows arising from purchase of property, plant, equipment and intangible assets; (iii) interest paid; (iv) interest received; and (v) payments of lease liabilities
Free Cash Flow (after investing activities)	means Free Cash Flow adjusted for (i) cash outflows arising from purchase of shares or capital increase of joint ventures; (ii) cash inflows due to commitments determined within the scope of the business combination; and (iii) capital increases made by non-controlling shareholders
FSMA	means the Financial Services and Markets Act 2000

Definition	Meaning
Global Certificates	means the Restricted Global Certificate together with the Unrestricted Global Certificate
Gross Financial Debt	means the total of (i) current borrowings; (ii) current portion of non-current borrowings; and (iii) long term borrowings.
Group	means the Company and its subsidiaries and joint ventures
HL	means hectolitre
IMF	means the International Monetary Fund
Insurance Distribution Directive	means Directive (EU) 2016/97
International Offering	means the sale to non-US persons outside the United States in reliance upon Regulation S under the Securities Act.
Issue Date	means the fourth Business Day following the pricing of the Notes
Joint Bookrunners	means J.P. Morgan Securities plc, Citigroup Global Markets Limited, BNP PARIBAS, HSBC Bank plc.
Knyaz Rurik	means OAO Knyaz Rurik, an investment company of EBI
KV Group	means the Krasny Vostok Brewing Group
Lira and TRL	means the lawful currency of Turkey
MBU	means PJSC Miller Brands Ukraine
mhl	means million hectolitres
MiFID II	means Directive 2014/65/EU, as amended
Migros	means Migros Ticaret A.Ş.
Moody's	means Moody's Investors Services Ltd.
Net Financial Debt	means Gross Financial Debt minus cash and cash equivalents
Net Financial Debt to EBITDA (BNRI)	means the ratio of leverage, calculated as the Group's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA (BNRI) (LTM)
Nielsen	means the Nielsen Company, a subsidiary of Nielsen Holdings N.V.
Non-TAS Measures	means certain financial measures and ratios that are not required by, or presented in accordance with, TAS or any other generally accepted accounting principles
Notes	means the US$500,000,000 3.375 per cent. Notes due 2028
OFAC	means the Office of Foreign Assets Control of the US Department of Treasury
Offering	means the US Offering and the International Offering together
Prospectus	means this Prospectus
Paying Agent	means Citibank N.A., London Branch
PET Bottles	means bottles made from polyethylene terephthalate
PPI	means Producer Price Index

Definition	Meaning
Premiumisation	means a shift in product mix towards more premium brands
PRIIPs Regulation	means Regulation (EU) No 1286/2014, as amended
Prospectus Regulation	means Regulation (EU) 2017/1129, as amended
QIBs	means qualified institutional buyers under Rule 144A
Rating Agencies	means SPGRE together with Fitch
Regulated Market	means the regulated market of Euronext Dublin
Regulation S	means Regulation S under the Securities Act
Regulation S Notes	means the Notes offered and sold in reliance on Regulation S
Relationship Agreement	means the alliance agreement between SABMiller, SAB Miller AE, the Company and three other major shareholders of the Company, Yazicilar Holding A.S , Özilhan Sinai Yatirim A.S and AEH
Restricted Global Certificate or **Restricted Certificate**	means the certificate in registered form issued in respect of the Rule 144A Notes
Roubles and **RUR**	means the lawful currency of Russia
Rule 144A	means Rule 144A under the Securities Act
Rule 144A Notes	means the Notes offered and sold in reliance on Rule 144A
Securities Act	means the United States Securities Act of 1933
SPGRE	S&P Global Ratings Europe Limited
SSG	means SSG Investment Limited, an investment company of CCİ
Stabilisation Manager	means Citigroup Global Markets Limited
Subscription Agreement	means the agreement dated 25 June 2021 between the Joint Bookrunners and the Company
TCCC	means The Coca-Cola Company
Turkey	means the Republic of Turkey
Turkish Capital Markets Law	means the Capital Market Law numbered 6362 and published at the Official Gazette dated 30 December 2012 under No. 28513
Turkish Commercial Code	means Turkish Commercial Code No.6102 and published in the Official Gazette dated 14 February 2011 under No.27846
Turkish Law on the Protection of Competition	means the law numbered 4054 published at the Official Gazette dated 13 December 1994 under No. 22140
UK CRA Regulation	means the CRA Regulation as it forms part of domestic law by virtue of the EUWA
UK MiFIR	means Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA
UK PRIIPs Regulation	means the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA
Unrestricted Global Certificate or **Unrestricted Certificate**	means the certificate in registered form issued in respect of the Regulation S Notes

Definition	Meaning
US or United States	means the United States of America
“US$, **USD and US Dollars**	means the lawful currency of the United States of America
US Offering	means the sale in the United States to qualified institutional buyers as defined in, and in reliance upon, Rule 144A under the Securities Act

APPENDIX A
SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND CMB FINANCIAL REPORTING STANDARDS

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The Audited Consolidated Financial Statements in this Prospectus have been prepared in accordance with CMB Financial Reporting Standards which differ from the IFRS as described below.

Both the IAS Board and the CMB required the companies operating in relevant jurisdictions to apply International Accounting Standards (IAS) 29 Financial Reporting in Hyperinflationary Economies ("IAS 29") for the year ended 31 December 2004. However, the IAS Board further extended the application of IAS 29 for the year ended 31 December 2005. The CMB did not require the same for companies listed on the İstanbul Stock Exchange.

Application of IAS 29 requires the restatement of non-monetary items and equity items in the balance sheet. As a result of the non-application by the Group of IAS 29 for the year ended 31 December 2005 a permanent difference has emerged between IFRS and CMB Financial Reporting Standards.

Because of the changes in the general purchasing power of the currency of a hyperinflationary economy as of 31 December 2004 (including Turkey), IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. Index and conversion factors applied to the Lira as of 31 December 2004 for the previous three year are as follows:

Date	**Index**	**Conversion Factor**
31 December 2002	6,478.8	1.29712
31 December 2003	7,382.1	1.13840
31 December 2004	8,403.8	1.00000

The main guidelines for the restatement of prior consolidated financial statements in accordance with IAS 29 are as follows:

- The consolidated financial statements as of 31 December 2004 which are presented for comparative purposes, are restated with the purchasing power of the relevant currency at 31 December 2004, but the restatement is terminated with effect from 1 January 2005.
- Non-monetary assets and liabilities and the components of shareholders' equity including the share capital in the consolidated balance sheet as of 31 December 2005, are presented with the additions until 31 December 2004 expressed in terms of the purchasing power of the relevant currency at 31 December 2004 and the additions after 31 December 2004 are carrying nominal value.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and the components of shareholders' equity including the share capital in the consolidated balance sheet as at 31 December 2004 are restated by applying the relevant conversion factors at current amounts prevailing as of 31 December 2004.
- The effect of inflation on the net monetary position of a company is included in the income statement for the year ended 31 December 2004 and presented as a monetary gain or loss.

- The consolidated income statement for the year ended 31 December 2005 is presented with historical values, except for depreciation and amortisation charges, which are calculated over the total of restated gross book value of property, plant and equipment and intangible assets expressed in terms of the purchasing power of 31 December 2004 and nominal value of additions after 1 January 2005, and gain and losses on disposal of these assets.

Conversion of prior years' balance sheet and income statement accounts to current values by multiplying with price index and related coefficients does not mean that a company could convert these assets and liabilities to cash. Similarly, this situation does not mean that the increase in the capital can be distributed to shareholders.

Effect of the CMB Financial Reporting Standards on the Audited Consolidated Financial Statements

If the Group had prepared its Audited Consolidated Financial Statements of 31 March 2021 in line with the IAS 29 the following balance sheet line items would be different: Inflation Adjustment to Issued Capital, Accumulated Profits, Property, Plant and Equipment and Intangibles, Goodwill and Deferred Tax Assets/Liabilities.

If the Group had prepared its Audited Consolidated Financial Statements of 31 March 2021 in line with the IAS 29 the following income statement items would be different: Depreciation and Amortisation Charge and Tax Charge/Income.

Management believes that the impact of this difference on its financial statements is decreasing over time, as a number of its fixed assets were fully depreciated at the time IAS 29 was applied and as such there would have been no depreciation charge of those fully depreciated restated assets in the Group's income statement.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021 TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 31 March 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" Standard. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

DRT BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Koray Öztürk, SMMM
Partner

İstanbul, 5 May 2021

Convenience Translation into English of Interim Condensed Consolidated Financial Statements Originally Issued in Turkish
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

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

	Notes	**Reviewed** **March 31, 2021**	Audited Reclassified (Note 2) December 31, 2020
ASSETS			
Cash and Cash Equivalents	5	**7.801.366**	8.524.950
Financial Investments	6	**6.827**	23.164
Trade Receivables		**3.707.589**	2.745.025
- Trade Receivables Due from Related Parties	*25*	***389.168***	*322.831*
- Trade Receivables Due from Third Parties		***3.318.421***	*2.422.194*
Other Receivables	9	**211.675**	162.530
- Other Receivables from Related Parties	*25*	***154.321***	*115.371*
- Other Receivables from Third Parties		***57.354***	*47.159*
Derivative Financial Assets	8	**166.317**	135.109
Inventories		**3.235.814**	2.708.747
Prepaid Expenses	17	**739.002**	660.555
Current Tax Assets		**307.248**	289.661
Other Current Assets	18	**421.858**	457.722
- Other Current Assets from Related Parties		***80.000***	-
- Other Current Assets from Third Parties		***341.858***	*457.722*
Subtotal		**16.597.696**	15.707.463
Non-current Assets Classified as Held for Sale		**2.304**	15.095
Current Assets		**16.600.000**	15.722.558
Financial Investments		**803**	799
Trade Receivables		**2.015**	1.792
- Trade Receivables Due from Third Parties		***2.015***	*1.792*
Other Receivables	9	**68.847**	67.529
- Other Receivables from Related Parties	*25*	***17.409***	*19.266*
- Other Receivables from Third Parties		***51.438***	*48.263*
Derivative Financial Assets	8	**10.910**	8.279
Property, Plant and Equipment	12	**13.955.279**	12.592.066
Right of Use Assets	11	**314.189**	327.253
Intangible Assets		**22.326.816**	20.466.958
- Goodwill	*14*	***3.678.118***	*3.299.250*
- Other Intangible Assets	*13*	***18.648.698***	*17.167.708*
Prepaid Expenses	17	**458.664**	430.999
Deferred Tax Asset	22	**1.146.653**	942.314
Other Non-Current Assets	18	**712**	821
Non-Current Assets		**38.284.888**	34.838.810
TOTAL ASSETS		**54.884.888**	50.561.368

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

Convenience Translation into English of Interim Condensed Consolidated Financial Statements Originally Issued in Turkish
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

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

	Notes	Reviewed **March 31, 2021**	Audited Reclassified (Note 2) December 31, 2020
LIABILITIES			
Current Borrowings	7	**2.626.917**	2.327.687
- Current Borrowings from Third Parties		***2.626.917***	*2.327.687*
- Banks Loans	*7a*	***2.626.722***	*2.327.494*
- Lease Liabilities	*7b*	***195***	*193*
Current Portion of Non-Current Borrowings	7	***726.256***	*656.805*
- Current Portion of Non-Current Borrowings from Third Parties		***726.256***	*656.805*
- Banks Loans	*7a*	***575.346***	*513.660*
- Lease Liabilities	*7b*	***97.446***	*112.362*
- Issued Debt Instruments	*7a*	***53.464***	*30.783*
Trade Payables		**7.104.712**	6.196.323
- Trade Payables to Related Parties	*25*	***748.159***	*569.046*
- Trade Payables to Third Parties		***6.356.553***	*5.627.277*
Employee Benefit Obligations		**122.542**	113.117
Other Payables	9	**2.024.867**	2.305.485
- Other Payables to Third Parties		***2.024.867***	*2.305.485*
Derivative Financial Liabilities	8	**26.132**	78.280
Deferred Income	17	**99.938**	130.976
Current Tax Liabilities		**96.097**	127.950
Current Provisions		**214.602**	174.542
- Current Provisions for Employee Benefits		***175.324***	*139.468*
- Other Current Provisions		***39.278***	*35.074*
Other Current Liabilities	18	**456.868**	430.938
Current Liabilities		**13.498.931**	12.542.103
Long-Term Borrowings	7	**10.028.492**	9.180.122
- Long-term Borrowings from Third Parties		***10.028.492***	*9.180.122*
- Banks Loans	*7a*	***2.123.380***	*1.816.654*
- Lease Liabilities	*7b*	***253.553***	*257.907*
- Issued Debt Instruments	*7a*	***7.651.559***	*7.105.561*
Trade Payables		**58.643**	49.528
- Trade Payables to Third Parties		***58.643***	*49.528*
Employee Benefit Obligations		**1.155**	1.155
Other Payables	9	**4.252**	4.417
- Other Payables to Third Parties		***4.252***	*4.417*
Liabilities due to Investments Accounted for Using Equity Method	10	**143.068**	57.241
Derivative Financial Liabilities	8	***297.129***	213.420
Deferred Income	17	**17.333**	7.531
Non-Current Provision		**235.668**	230.367
- Non-Current Provision for Employee Benefits		***235.668***	*230.367*
Deferred Tax Liabilities	22	**3.472.469**	3.257.472
Other Non-Current Liabilities	18	**3.600**	3.284
Non-Current Liabilities		**14.261.809**	13.004.537
Equity Attributable to Equity Holders of the Parent		**13.672.883**	12.805.764
Issued Capital	15	**592.105**	592.105
Inflation Adjustment on Capital	15	**63.583**	63.583
Share Premium (Discount)		**1.364.733**	1.364.733
Put Option Reserve Related with Non-controlling Interests		**6.773**	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(32.151)**	(32.151)
-Revaluation and Remeasurement Gain/Loss		***(32.151)***	*(32.151)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**4.981.939**	4.409.983
- Currency Translation Differences		***7.562.831***	*6.481.026*
- Gains (Losses) on Hedge		***(2.580.892)***	*(2.071.043)*
Restricted Reserves Appropriated from Profits	15	**372.939**	372.939
Prior Years' Profits or Losses		**6.027.799**	5.213.040
Current Period Net Profit or Losses		**295.163**	814.759
Non-Controlling Interests		**13.451.265**	12.208.964
Total Equity		**27.124.148**	25.014.728
TOTAL LIABILITIES		**54.884.888**	50.561.368

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

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

		Reviewed	
			Restated (Note 2)
	Notes	**1 January - 31 March 2021**	1 January – 31 March 2020
Revenue	4	**6.159.333**	4.513.520
Cost of Sales (-)		**(4.207.390)**	(3.190.660)
GROSS PROFIT (LOSS)		**1.951.943**	1.322.860
General Administrative Expenses (-)		**(527.462)**	(453.033)
Sales, Distribution and Marketing Expenses (-)		**(1.307.596)**	(1.111.480)
Other Income from Operating Activities	19	**184.403**	148.647
Other Expenses from Operating Activities (-)	19	**(195.313)**	(313.732)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**105.975**	(406.738)
Investment Activity Income	20	**545.393**	298.741
Investment Activity Expenses (-)	20	**(10.876)**	(13.288)
Share of Loss from Investments Accounted for Using Equity Method	10	**(86.160)**	(55.352)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**554.332**	(176.637)
Finance Income	21	**672.631**	442.475
Finance Expenses (-)	21	**(624.287)**	(607.140)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		**602.676**	(341.302)
Tax (Expense) Income, Continuing Operations	4	**(186.058)**	(10.545)
- Current Period Tax Expense (-)		***(195.199)***	*(94.000)*
- Deferred Tax Income (Expense)		***9.141***	*83.455*
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	4	**416.618**	(351.847)
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	24	**-**	(2.441)
PROFIT/(LOSS)		**416.618**	(354.288)
Profit/(Loss) Attributable to		**416.618**	(354.288)
- Non-Controlling Interest		***121.455***	*(225.690)*
- Owners of Parent		***295.163***	*(128.598)*
Earnings / (Loss) Per Share (Full TRL)	23	**0,4985**	(0,2172)
Earnings / (Loss) Per Share From Continuing Operations (Full TRL)	23	**0,4985**	(0,2131)
Earnings / (Loss) Per Share From Discontinued Operations (Full TRL)	23	**-**	(0,0041)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

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

	Reviewed	
		Restated (Note 2)
	1 January – 31 March 2021	1 January – 31 March 2020
PROFIT/(LOSS)	**416.618**	(354.288)
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**-**	-
Gains (Losses) on Remeasurements Defined Benefit Plans	**-**	-
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	**-**	-
- Deferred Tax Income (Expense)	**-**	-
Other Comprehensive Income that will be Reclassified to Profit or Loss	**1.797.846**	(1.743.015)
Currency Translation Differences	**2.477.039**	(1.561.241)
Other Comprehensive Income (Loss) Related with Cash Flow Hedge	**(17.344)**	279.861
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 26)	**(819.579)**	(500.122)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	**157.730**	38.487
- Deferred Tax Income (Expense)	***157.730***	*38.487*
OTHER COMPREHENSIVE INCOME (LOSS)	**1.797.846**	(1.743.015)
TOTAL COMPREHENSIVE INCOME (LOSS)	**2.214.464**	(2.097.303)
Total Comprehensive Income Attributable to		
- Non-Controlling Interest	***1.347.345***	*(764.480)*
- Owners of Parent	***867.119***	*(1.332.823)*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

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

Period		Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Reserve Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss: Revaluation and Remeasurement Gain/ (Loss) (*)	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss: Currency Translation Differences	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss: Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Retained Earnings: Prior Years' Profits or Losses	Retained Earnings: Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Previous Period (1 January – 31 March 2020)	**Beginning Balances**	592.105	63.583	2.434.374	6.773	(27.978)	5.712.414	(1.189.955)	372.939	4.178.878	1.034.162	13.177.295	11.203.005	24.380.300
	Transfers	-	-	-	-	-	-	-	-	1.034.162	(1.034.162)	-		-
	Total Comprehensive Income (Loss)	-	-	-	-	-	**(1.006.842)**	**(197.383)**	-	-	**(128.598)**	**(1.332.823)**	**(764.480)**	**(2.097.303)**
	- *Profit (Loss)*	-	-	-	-	-	-	-	-	-	*(128.598)*	*(128.598)*	*(225.690)*	*(354.288)*
	- *Other Comprehensive Income (Loss)*	-	-	-	-	-	*(1.006.842)*	*(197.383)*	-	-	-	*(1.204.225)*	*(538.790)*	*(1.743.015)*
	Ending Balances	592.105	63.583	2.434.374	6.773	(27.978)	4.705.572	(1.387.338)	372.939	5.213.040	(128.598)	11.844.472	10.438.525	22.282.997
Current Period (1 January – 31 March 2021)	**Beginning Balances**	**592.105**	**63.583**	**1.364.733**	**6.773**	**(32.151)**	**6.481.026**	**(2.071.043)**	**372.939**	**5.213.040**	**814.759**	**12.805.764**	**12.208.964**	**25.014.728**
	Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**814.759**	**(814.759)**	**-**	**-**	**-**
	Total Comprehensive Income (Loss)	**-**	**-**	**-**	**-**	**-**	**1.081.805**	**(509.849)**	**-**	**-**	**295.163**	**867.119**	**1.347.345**	**2.214.464**
	- *Profit (Loss)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***295.163***	***295.163***	***121.455***	***416.618***
	- *Other Comprehensive Income (Loss)*	**-**	**-**	**-**	**-**	**-**	***1.081.805***	***(509.849)***	**-**	**-**	**-**	***571.956***	***1.225.890***	***1.797.846***
	Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(105.044)***	***(105.044)***
	Ending Balances	**592.105**	**63.583**	**1.364.733**	**6.773**	**(32.151)**	**7.562.831**	**(2.580.892)**	**372.939**	**6.027.799**	**295.163**	**13.672.883**	**13.451.265**	**27.124.148**

(*) Gains (Losses) on Remeasurements of Defined Benefit Plans.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

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

	Notes	Reviewed 1 January- March 31, 2021	Reclassified (Note 2) 1 January- March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		**352.790**	(563.605)
Profit/ (Loss) from Continuing Operation for the Period		**416.618**	(351.847)
Profit/ (Loss) from Discontinued Operation for the Period		**-**	(2.441)
Adjustments to Reconcile Profit (Loss)		**522.639**	738.351
Adjustments for Depreciation and Amortization Expense	4	**539.054**	501.297
Adjustments for Impairment Loss (Reversal)	28	**9.146**	10.695
Adjustments for Provisions	28	**38.374**	30.474
Adjustments for Interest (Income) Expenses	28	**161.739**	108.649
Adjustments for Unrealised Foreign Exchange Losses (Gains)		**71.930**	241.273
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	28	**(45.947)**	79.801
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	**86.160**	55.352
Adjustments for Tax (Income) Expenses		**186.058**	10.545
Adjustments for Losses (gains) on Disposal of Non-Current Assets	20	**(75.717)**	(13.664)
Transfer of Currency Translation Differences Previously Accounted as Other Comprehensive Income	20	**(455.377)**	(279.931)
Other Adjustments to Reconcile Profit (loss)		**7.219**	(6.140)
Change in Working Capital		**(413.245)**	(851.925)
Adjustments for Decrease (Increase) in Accounts Receivables		**(1.046.986)**	(184.625)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**76.976**	(64.517)
Adjustments for Decrease (Increase) in Inventories		**(515.269)**	(253.017)
Adjustments for Increase (Decrease) in Trade Accounts Payable		**838.998**	(248.966)
Adjustments for Increase (Decrease) in Other Operating Payables		**233.036**	(100.800)
Cash Flows from (used in) Operations		**526.012**	(467.862)
Payments Related with Provisions for Employee Benefits		**(18.724)**	(17.584)
Income Taxes (Paid) Return		**(154.498)**	(78.159)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(434.566)**	(448.568)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Joint Ventures	10	**-**	(126.392)
Proceeds from Sales of Property, Plant, Equipment		**91.229**	25.966
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	12,13	**(525.795)**	(348.142)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(856.088)**	98.714
Proceeds from Borrowings	7a	**1.336.748**	2.858.937
Repayments of Borrowings	7a	**(1.385.859)**	(2.337.292)
Payments of Lease Liabilities	7b	**(34.231)**	(46.844)
Dividends Paid		**(720.531)**	-
Interest Paid	7a	**(199.505)**	(151.374)
Interest Received		**64.608**	62.511
Other Inflows (Outflows) of Cash	28	**82.682**	(287.224)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**(937.864)**	(913.459)
Effect of Currency Translation Differences on Cash and Cash Equivalents		**225.115**	186.852
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(712.749)**	(726.607)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**8.508.135**	5.796.125
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**7.795.386**	5.069.518

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

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

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 is located at the address "Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul".

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 16.407 (December 31, 2020 – 16.797).

The interim condensed 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 May 5, 2021. 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, 2020 - 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, 2020 – production of malt in two locations in Turkey and three locations in Russia). Entities carrying out the relevant activities will be referred as "Beer Operations".

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2020 - ten facilities in Turkey, sixteen facilities in other countries). Entities carrying out the relevant activities will be referred as "Soft Drink Operations".

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 March 31, 2021 and December 31, 2020, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	March 31, 2021		December 31, 2020	
	Amount	**(%)**	Amount	(%)
AG Anadolu Grubu Holding A.Ş.	**254.891**	**43,05**	254.891	43,05
AB Inbev Harmony Ltd.	**142.105**	**24,00**	142.105	24,00
Publicly traded and other	**195.109**	**32,95**	195.109	32,95
	592.105	**100,00**	592.105	100,00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

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

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 March 31, 2021 and December 31, 2020 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % March 31, 2021	Effective Shareholding And Voting Rights % December 31, 2020
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	Beer Group	**100,00**	100,00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	Beer Group	**100,00**	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	Beer Group	**100,00**	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	Beer Group	**96,87**	96,87
JSC Lomisi (Efes Georgia)	Georgia	Production and sales of beer and carbonated soft drinks	Beer Group	**100,00**	100,00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	Beer Group	**99,94**	99,94
Efes Trade BY FLLC (Efes Belarus)	Belarus	Marketing and distribution of beer	Beer Group	**100,00**	100,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	Beer Group	**100,00**	100,00
AB InBev Efes B.V. (AB InBev Efes)	The Netherlands	Investment company	Beer Group	**50,00**	50,00
JSC AB Inbev Efes (1)	Russia	Production and marketing of beer	Beer Group	**50,00**	50,00
PJSC AB Inbev Efes Ukraine (1)	Ukraine	Production and marketing of beer	Beer Group	**49,36**	49,36
LLC Vostok Solod (2)	Russia	Production of malt	Beer Group	**50,00**	50,00
LLC Bosteels Trade (2)	Russia	Selling and distribution of beer	Beer Group	**50,00**	50,00
LLC Inbev Trade (2)	Russia	Production of malt	Beer Group	**50,00**	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (1)	Germany	Investment company	Beer Group	**50,00**	50,00
Bevmar GmbH (1)	Germany	Investment company	Beer Group	**50,00**	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa)	Turkey	Marketing and distribution company of the Group in Turkey	Beer Group	**100,00**	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Beer Group	**99,99**	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Beer Group	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) (3)	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 and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	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) (4)	Kazakhstan	Investment company of CCİ	Soft Drinks	**-**	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
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al 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

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % March 31, 2021	Effective Shareholding And Voting Rights % December 31, 2020
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap)	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Beer Group	**76,22**	**76,22**
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	**25,13**	**25,13**

(1) Subsidiaries that AB Inbev Efes B.V. directly participates.
(2) Subsidiaries of JSC AB Inbev Efes.
(3) Shares of CCİ are currently traded on BIST.
(4) As of March 2021, liquidation process of Tonus Turkish-Kazakh Joint Venture LLP (Tonus) has been finalized.

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

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.

Effect of COVID-19 Outbreak on Group Operations

The Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID-19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to lockdowns and due to closure of some sales channels in countries where the Group operates in line with the slowdown in global markets and beer/ beverage industry. Meanwhile the Group has taken series of actions to minimize capital expenditures, expenses and inventory level and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity position. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and the Group's operations.

The Group management has evaluated the potential effects of COVID-19 outbreak and has reviewed the key assumptions estimations used in proportion of the interim condensed consolidated financial statements. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and do not anticipate any material impairment loss in the interim condensed consolidated financial statements as of March 31, 2021.

Nature and level of risks arising from financial instruments, and risk management policies of the Group has been presented in Note 27.

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Financial Statements

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

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities, derivative instruments carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned interim condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statement disclosures (Note 16, 26).

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

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Preparation and Presentation of Interim Condensed Consolidated Financial Statements (continued)

The interim condensed consolidated financial statements should be considered together with the audited consolidated financial statements and disclosures as of December 31, 2020. Therefore, the results for the first three months up to March 31, 2021 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

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	
		2021	2020
EBI	Europian 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.	Europian 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

2.3 Seasonality of Operations

Due to higher beverage consumption during the summer season, the condensed consolidated interim financial results may include the effects of the seasonal variations. Therefore, the results of business operations for the first three months up to March 31, 2021 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.4 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. There has not been any change in accounting estimates compared to December 31, 2020.

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is restated or classified when necessary and significant differences are accordingly disclosed. In the current period, the Group has made some restatements and reclassifications in the prior period's consolidated financial statements.

Restatements in the financial statements dated March 31, 2020:

1) The March 31, 2020, financial statements have been restated to correct an error in the presentation of effects of the foreign exchange gain/ (loss) related to foreign currency denominated trade payables. Aforementioned effects of the restatement are TRL67.033 in “Trade Payables to Third Parties” account, TRL73.343 in “Other Operating Expenses” account, TRL13.406 in “Deferred Tax Asset” account, TRL14.668 in “Deferred Tax Income/ (Expense)” account and TRL2.524 in “Currency Translation Differences” account.

2) The management of Soft Drink Operations has made significant assumptions over the useful life of spare parts for machinery and equipment based on the expertise of the technical departments. Group has made an estimation change in useful life assumption in 2020 and decreased 20 years useful life assumption for spare parts to 10 years. This estimation change does have been reflected on December 31, 2020 financial statements, and in order to provide quarterly correct comparison with prior period, March 31, 2020 financial statements are accordingly restated. Effect on current period depreciation as of March 31, 2020 is TRL38.936 as expense.

Reclassifications in the financial statements dated March 31, 2020:

3) The March 31, 2020, financial statements have been reclassified to correct an error in the classification of the foreign exchange gain/(loss) included in "Other Income and Expense from Operating Activities" and "Finance Income and Expense" accounts. TRL49.457 and TRL 25.301 have been netted-off in "Other Income and Expense from Operating Activities" and "Finance Income and Expense", respectively. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

4) The March 31, 2020, financial statements have been reclassified to correct an error in the classification of “Gain/ (Loss) arising from the termination of lease agreements” included in "Financial Income/ Expense" accounts. The amount presented as gross TRL18.529 has been netted off in the financial statements. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

Reclassifications in the financial statements dated December 31, 2020:

5) The December 31, 2020, financial statements have been reclassified to correct an error in the classification of a payable amounting to TRL77.086 in “Other Current Liabilities”. The amount has been reclassified to “Trade Payables” account. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

6) The December 31, 2020, financial statements have been reclassified to correct an error in the classification of a payable amounting to TRL57.642 in “Trade Receivables”. It has been reclassified; to “Current Prepaid Expense” account in amount of TRL53.147, to “Non- current Prepaid Expense” account in amount of TRL4.495. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

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

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 Changes in Accounting Policies

Adoption of new and revised Turkish Financial Reporting Standards

Standards, amendments and interpretations applicable as at 31 March 2021

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

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

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

The Group assessed that the adoption of this amendment does not have any effect on the Group's interim condensed consolidated financial statements.

Standards, amendments and interpretations that are issued but not effective as at 31 March 2021

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

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

TFRS 17 *Insurance Contracts*

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

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

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

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

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 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 March 2021 (continued)

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

NOTE 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 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 March 2021 (continued)

Amendments to TAS 41 *Agriculture*

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

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

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

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

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

NOTE 3. BUSINESS COMBINATIONS

Transactions Related to 2021

None.

Transactions Related to 2020

The Company's ownership in Anadolu Etap has been increased to 76,22% from 71,70% on 6 March 2020 following the capital increase by TRL126.392. Anadolu Etap, which is currently being consolidated to Group's financial statements by using the equity method, 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.

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

NOTE 4. SEGMENT REPORTING

The management monitors the operating results of its two business units separately for the purpose of making decisions about the resource allocation and performance assessment. The two operating segments are Beer Operations (Beer Group) and Soft Drinks Operations (Soft Drinks).

As at March 31, 2021, the Group presents Domestic Beer and International Beer as a single operating segment as Beer Group because they meet the aggregation criteria. As at March 31, 2020, related disclosure and tables were accordingly restated.

Segment performance is evaluated based on EBITDA BNRI which is calculated excluding profit from discontinued operations and the following effects from profit from continuing operations attributable to our equity holders:
(i) non-controlling interest, (ii) tax (expense)/income, (iii) share of gain/(loss) of investments accounted using equity method, (iv) financial income/(expense), (v) investment activity income/(expense) (vi) foreign exchange gains/(losses) arising from operating activities (vii) depreciation, amortization and other non- cash items and (viii) non-recurring items above EBIT. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company.

EBITDA BNRI is not an accounting measure under TFRS accounting and does not have a standard calculation method however it has been considered as the optimum indicator 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:

	Beer Group	**Soft Drinks**	**Other[1] and Eliminations**	**Total**
January 1 – March 31, 2021				
Net sales	**2.412.075**	**3.747.345**	**-**	**6.159.420**
Inter-segment sales	**-**	**(87)**	**-**	**(87)**
Revenue	**2.412.075**	**3.747.258**	**-**	**6.159.333**
EBITDA BNRI	**(47.351)**	**762.860**	**(344)**	**715.165**
Financial Income / (Expense)	**(63.543)**	**111.887**	**-**	**48.344**
Tax (Expense) Income	**(10.938)**	**(176.885)**	**1.765**	**(186.058)**
Capital expenditures	**229.643**	**296.222**	**(70)**	**525.795**
January 1 – March 31, 2020				
Net sales	1.892.003	2.621.600	-	4.513.603
Inter-segment sales	-	(83)	-	(83)
Revenue	1.892.003	2.621.517	-	4.513.520
EBITDA BNRI	(96.110)	397.062	178	301.130
Financial Income / (Expense)	(144.584)	(20.081)	-	(164.665)
Tax (Expense) Income	40.249	(52.272)	1.478	(10.545)
Capital expenditures	192.946	155.253	(57)	348.142

(1) Includes adjustment journals in the consolidation of the Group.

As of March 31, 2021, the portion of Turkey geographical area in the consolidated net revenue and total assets is 32% and 35% respectively (March 31, 2020- 33% and 36% respectively).

As of March 31, 2021, the portion of Russia and Ukraine geographical area in the consolidated net revenue and total assets is 27% and 34% respectively (March 31, 2020- 30% and 29% respectively).

As of March 31, 2021, the portion of Kazakhstan geographical area in the consolidated net revenue and total assets is 14% and 6% respectively (March 31, 2020- 14% and 4% respectively).

As of March 31, 2021, the portion of Pakistan geographical area in the consolidated net revenue and total assets is 13% and 7% respectively (March 31, 2020- 10% and 5% respectively).

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

NOTE 4. SEGMENT REPORTING (continued)

	Beer Group	Soft Drinks	Other [1] and Eliminations	Total
March 31, 2021				
Segment assets	**24.872.096**	**21.717.376**	**8.295.416**	**54.884.888**
Segment liabilities	**14.744.326**	**11.861.920**	**1.154.494**	**27.760.740**
Investment in associates	**(143.068)**	**-**	**-**	**(143.068)**
December 31, 2020				
Segment assets	23.570.073	19.147.331	7.843.964	50.561.368
Segment liabilities	13.980.214	10.410.690	1.155.736	25.546.640
Investment in associates	(57.241)	-	-	(57.241)

(1) Includes adjustment journals in the consolidation of the Group.

Reconciliation of EBITDA BNRI to the consolidated Profit/Loss from Continuing Operations and its components as of March 31, 2021 and 2020 are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
EBITDA BNRI	**715.165**	301.130
Depreciation and amortization expenses	**(539.054)**	(501.297)
Provision for retirement pay liability	**(9.615)**	(11.495)
Provision for vacation pay liability	**(21.765)**	(15.178)
Foreign exchange gain/loss from operating activities	**(32.885)**	(177.158)
Rediscount income/expense from operating activities	**(2.295)**	199
Non-recurring items	**(186)**	(685)
Other	**(3.390)**	(2.254)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**105.975**	(406.738)
Investment Activity Income	**545.393**	298.741
Investment Activity Expenses (-)	**(10.876)**	(13.288)
Income/(Loss) from Associates	**(86.160)**	(55.352)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**554.332**	(176.637)
Finance Income	**672.631**	442.475
Finance Expenses (-)	**(624.287)**	(607.140)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**602.676**	(341.302)

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

NOTE 5. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020
Cash on hand	**4.937**	2.800
Bank accounts		
- Time deposits	**6.477.069**	7.542.612
- Demand deposits	**1.218.932**	883.252
Other	**94.448**	79.471
Cash and cash equivalents in cash flow statement	**7.795.386**	8.508.135
Expected credit loss (-)	**(1.009)**	(1.179)
Interest income accrual	**6.989**	17.994
	7.801.366	8.524.950

As of March 31, 2021, annual interest rates of the TRL denominated time deposits vary between 17,75% and 19,50% and have maturity between 1 - 37 days (December 31, 2020 - 15,50% - 19,00%; maturity between 4-50 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,04% and 8,25% and have maturity between 1-219 days (December 31, 2020– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,02% - 8,25%; maturity between 4-309 days).

As of March 31, 2021, other item contains credit card receivables amounting to TRL93.696 (December 31, 2020 – TRL79.076).

As of March 31, 2021, the Group has designated its bank deposits amounting to TRL733.219, equivalent of thousand USD57.800, thousand EURO20.211 and thousand RUR496.000 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2020 – TRL633.595, equivalent of thousand USD54.000, thousand EURO20.818 and RUR500.000).

NOTE 6. FINANCIAL INVESTMENTS

	March 31, 2021	December 31, 2020
Time deposits with maturity more than three months	**6.827**	23.164
	6.827	23.164

As of March 31, 2021, time deposits with maturities over 3 months are composed of USD and KZT with 84 and 314 days' maturity and have 2,50% interest rate for USD, 7,50% - 8,25% for KZT. (As of December 31, 2020, time deposits with maturities over 3 months are composed of USD with 1 and 174 days' maturity and have 1,00% - 2,50% interest rates for USD).

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

	March 31, 2021	December 31, 2020
Short-term Bank Loans (Third Parties)	**2.626.722**	2.327.494
Current Portion of Bank Loans (Third Parties)	**575.346**	513.660
Current Portion of Issued Debt Instruments (Third Parties)	**53.464**	30.783
Long-term Bank Loans (Third Parties)	**2.123.380**	1.816.654
Long-term Issued Debt Instruments (Third Parties)	**7.651.559**	7.105.561
	13.030.471	11.794.152

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

NOTE 7. SHORT AND LONG TERM BORROWINGS

b) Bank Loans, issued debt instruments and other borrowings

As of March 31, 2021, total borrowings consist of principal (lease obligations included) amounting to TRL12.904.852 (December 31, 2020– TRL11.691.694) and interest expense accrual amounting to TRL125.619 (December 31, 2020 – TRL102.458). As of March 31, 2021, and December 31, 2020, total amount of borrowings and the effective interest rates are as follows:

	March 31, 2021			December 31, 2020		
	Amount	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	**1.129.878**	**%12,74**	**-**	1.355.907	% 11,81	-
Foreign currency denominated borrowings (USD)	**385**	**%3,00**	**-**	340	% 3,00	-
Foreign currency denominated borrowings (EURO)	**245.136**	**%1,35**	**-**	225.644	% 1,35	-
Foreign currency denominated borrowings (Other)	**1.251.323**	**%3,33**	**Kibor + %0,01**	745.603	% 7,13	Kibor + %0,22
	2.626.722			2.327.494		
Short-term portion of long term borrowings						
TRL denominated borrowings	**6.778**	**%11,66**	**-**	34.333	%11,72	-
Foreign currency denominated borrowings (USD)	**76.750**	**%3,70**	**Libor + %2,50**	38.458	%4,07	Libor+ %2,50
Foreign currency denominated borrowings (EURO)	**151.881**	**-**	**Euribor + %2,17**	134.891	-	Euribor + %2,16
Foreign currency denominated borrowings (Other)	**393.401**	**%7,46**	**-**	336.761	%7,07	-
	628.810			544.443		
Total	**3.255.532**			2.871.937		
Long-term Borrowings						
TRL denominated borrowings	**889.000**	**%11,71**	**-**	889.000	% 11,71	-
Foreign currency denominated borrowings (USD)	**8.099.921**	**%3,82**	**Libor + %2,50**	7.131.987	% 3,82	Libor+ %2,50
Foreign currency denominated borrowings (EURO)	**495.349**	**-**	**Euribor + %4,89**	487.741	-	Euribor + %2,27
Foreign currency denominated borrowings (Other)	**290.669**	**%6,58**	**-**	413.487	% 6,87	-
Total	**9.774.939**			8.922.215		
Grand Total	**13.030.471**			11.794.152		

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

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:

	March 31, 2021	December 31, 2020
Between 1-2 years	**4.878.955**	4.488.409
Between 2-3 years	**1.235.000**	1.116.455
Between 3-4 years	**3.660.984**	3.317.351
	9.774.939	8.922.215

The movement of borrowings as of March 31, 2021 and 2020 is as follows:

	2021	2020
Balance at January 1	**11.794.152**	10.103.990
Proceeds from Borrowings	**1.336.748**	2.858.937
Repayments of Borrowings	**(1.385.859)**	(2.337.292)
Interest and Borrowing Expense (Note 21)	**214.650**	155.455
Interest Paid	**(199.505)**	(151.374)
Foreign exchange (gain)/loss	**945.250**	888.417
Currency Translation Differences	**325.035**	(317.382)
Balance at March 31	**13.030.471**	11.200.751

As of March 31, 2021, net interest on cross currency swap contracts of CCİ is TRL49.790 (March 31, 2020 – TRL14.233).

b) Lease Liabilities

	March 31, 2021	December 31, 2020
Short term Lease Liabilities (Third Parties)	**195**	193
Current Portion of Lease Liabilities (Third Parties)	**97.446**	112.362
Long term Lease Liabilities (Third Parties)	**253.553**	257.907
	351.194	370.462

The movement of lease liabilities as of March 31, 2021 and 2020 is as follows:

	2021	2020
Balance at January 1	**370.462**	446.051
Additions	**7.789**	16.123
Repayments (-)	**(34.231)**	(46.844)
Disposals (-)	**(16.929)**	(19.176)
Interest expense (Note 21)	**10.774**	13.618
Foreign exchange (gain)/loss	**2.954**	1.019
Currency translation differences	**10.375**	(4.387)
Balance at March 31	**351.194**	406.404

NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

Soft Drink Operations

As of March 31, 2021, Soft Drink Operations has a cross currency swap contract with a total amount of USD 150 million due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. The Group has also purchased an option amounting to USD 150 million for hedging the foreign exchange exposure with those two derivative transactions (nominal amount of TRL 1.249 thousand).

b) Currency option contracts

Beer Operations

As of March 31, 2021, the Company does not have currency option contracts (December 31, 2020 – TRL136.460).

Soft Drink Operations

As of March 31, 2021, Soft Drink Operations holds a derivative financial instrument of an option contract signed on January 27, 2021 with an amount of USD 9 million (USD 13,5 leveraged) and maturity of December 21, 2021. The total swap value of this hedge transaction is TRL74.932 (December 31, 2020 – None).

c) Commodity swap contracts

Beer Operations

As of March 31, 2021, Beer Operations have 25 commodity swap contracts with a total nominal amount of TRL472.585 for 23.936 tonnes of aluminium, 15.885 tonnes of plastic. 4.042 tonnes of aluminium and 525 tonnes of plastic commodity swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to can and plastic price risk (December 31, 2020– TRL346.588).

Soft Drink Operations

As of March 31, 2021, Soft Drink Operations has 5 sugar swap transactions with a total nominal amount of TRL3.736 for 1.300 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 2021 and 2022. (December 31, 2020 – TRL5.523).

As of March 31, 2021, Soft Drink Operations has 8 aluminium swap transactions with a total nominal amount of TRL136.650 for 10.259 tones. The total of these aluminium 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 year 2021 and 2022 (December 31, 2020 – TRL174.193).

d) Currency forwards

Beer Operations

As of March 31, 2021, Beer Operations have FX forward transactions with a total nominal amount of TRL3.271.839, for forward contracts amounting to USD158 million and EURO201 million. The total of these FX forward contracts are designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of raw material, trade goods and operational expenses, exposed to foreign currency risk (December 31, 2020 – TRL2.696.376).

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

NOTE 8. DERIVATIVE INSTRUMENTS (continued)

e) Swap contracts

As of March 31, 2021, Soft Drink Operations holds no cross currency swap contract. (December 31, 2020– TRL225.523).

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.

	March 31, 2021		December 31, 2020	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Currency option contracts	**74.932**	**1.887**	136.460	(4.517)
Cross currency participation swaps	**1.249.000**	**(297.129)**	1.101.075	(213.420)
Commodity swap contracts	**612.971**	**144.696**	526.305	83.807
Currency forwards	**3.271.839**	**4.512**	2.696.376	43.984
Cross currency swaps	**-**	**-**	225.523	(58.166)
	5.208.742	**(146.034)**	4.685.739	(148.312)

NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	March 31, 2021	December 31, 2020
Receivables from related party	**142.680**	104.183
Receivables from tax office	**19.965**	16.958
Sublease receivables from related party (1)	**11.641**	11.188
Due from personnel	**13.692**	15.436
Deposits and guarantees given	**8.364**	4.083
Other	**15.333**	10.682
	211.675	162.530

b) Other Non-Current Receivables

	March 31, 2021	December 31, 2020
Deposits and guarantees given	**43.261**	42.622
Sublease receivables from related party (1)	**17.409**	19.266
Other	**8.177**	5.641
	68.847	67.529

(1) 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.

c) Other Current Payables

	March 31, 2021	December 31, 2020
Taxes other than income taxes	**1.386.674**	1.154.710
Deposits and guarantees taken	**616.130**	513.243
Dividends payable	**4.657**	619.997
Other	**17.406**	17.535
	2.024.867	2.305.485

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

NOTE 9. OTHER RECEIVABLES AND PAYABLES (continued)

d) Other Non-Current Payables

	March 31, 2021	December 31, 2020
Deposits and guarantees taken	**4.252**	4.417
	4.252	4.417

NOTE 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2021		December 31, 2020	
	Ownership	**Carrying Value**	Ownership	Carrying Value
Anadolu Etap [2]	**76,22%**	**(143.068)**	76,22%	(57.241)
SSDSD [1]	**25,13%**	**-**	25,13%	-
		(143.068)		(57.241)

Relating to investments accounted for using equity method, total assets and liabilities as of March 31, 2021 and December 31, 2020 and profit/(loss) for the period of as of March 31, 2021 and March 31, 2020 are as follows:

	Anadolu Etap		**SSDSD**	
	31 March 2021	31 December 2020	**31 March 2021**	31 December 2020
Total Assets	**1.887.661**	1.897.976	**829**	1.145
Total Liabilities	**2.075.353**	1.973.071	**13.420**	11.584
Net Assets	**(187.692)**	(75.095)	**(12.591)**	(10.439)
Group's Share (%)	**76,22%**	76,22%	**25,13%**	25,13%
Group's Share of Net Assets	**(143.068)**	(57.241)	**(6.328)**	(5.246)

	Anadolu Etap		**SSDSD**	
	1 January- 31 March 2021	1 January – 31 March 2020	**1 January – 31 March 2021**	1 January – 31 March 2020
Group's Share of Profit/(Loss) for the period	**(85.827)**	(53.741)	**(333)**	(1.611)

The movement of investments accounted for using equity method as of March 31, 2021 and 2020 are as follows:

	2021	2020
Balance at January 1	**(57.241)**	62.013
Income / Loss from associates	**(86.160)**	(55.352)
Capital increases	**-**	126.392
Other	**333**	1.611
Balance at March 31	**(143.068)**	134.664

(1) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

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

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

NOTE 11. RIGHT USE OF ASSET

For the three-month periods ended March 31, 2021 and 2020, movement on right use of asset are as follows:

Current year	Net Book Value January 1, 2021	Additions	Amendments to Leasing	Amortization	Disposals, net	Currency translation differences, net	Net Book Value March 31, 2021
Land	**33.861**	**-**	**3.624**	**(740)**	**(793)**	**4.205**	**40.157**
Buildings	**184.047**	**1.820**	**(335)**	**(11.487)**	**(15.351)**	**20.752**	**179.446**
Machinery and equipment	**28.164**	**-**	**-**	**(3.281)**	**-**	**175**	**25.058**
Vehicles	**77.466**	**583**	**-**	**(13.071)**	**-**	**1.447**	**66.425**
Other	**3.715**	**-**	**-**	**(826)**	**-**	**214**	**3.103**
	327.253	**2.403**	**3.289**	**(29.405)**	**(16.144)**	**26.793**	**314.189**

Previous year	Net Book Value January 1, 2020	Additions	Amendments to Leasing	Amortization	Disposals, net	Currency translation differences, net	Net Book Value March 31, 2020
Land	34.403	5	355	(556)	(6.436)	(2.637)	25.134
Buildings	213.563	2.111	1.684	(12.084)	(4.141)	(4.068)	197.065
Machinery and equipment	22.598	320	-	(1.768)	(7.971)	(368)	12.811
Vehicles	120.080	7.293	-	(13.480)	(8)	1.111	114.996
Other	5.471	2.160	-	(1.068)	(1)	94	6.656
	396.115	**11.889**	**2.039**	**(28.956)**	**(18.557)**	**(5.868)**	**356.662**

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

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

For the three-month periods ended March 31, 2021 and 2020, movement on property, plant and equipment are as follows:

Current year	Net Book Value January 1, 2021	Additions	Depreciation	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal), net	Transfers, net	Net Book Value March 31, 2021
Land and land improvements	**680.692**	**31**	**(3.477)**	**(643)**	**64.539**	**-**	**42.587**	**783.729**
Buildings	**3.192.273**	**2.878**	**(41.206)**	**(1.067)**	**381.858**	**-**	**3.347**	**3.538.083**
Machinery and equipment	**5.592.844**	**56.085**	**(216.078)**	**(4.377)**	**645.616**	**(409)**	**96.927**	**6.170.608**
Vehicles	**120.603**	**12.207**	**(7.270)**	**(125)**	**25.240**	**-**	**(15.449)**	**135.206**
Other tangibles	**2.428.732**	**209.076**	**(221.979)**	**(8.788)**	**187.489**	**3.983**	**22.800**	**2.621.313**
Leasehold improvements	**5.051**	**-**	**(697)**	**-**	**898**	**-**	**-**	**5.252**
Construction in progress	**571.871**	**226.278**	**-**	**(512)**	**60.111**	**-**	**(156.660)**	**701.088**
	12.592.066	**506.555**	**(490.707)**	**(15.512)**	**1.365.751**	**3.574**	**(6.448)**	**13.955.279**

Previous year	Net Book Value January 1, 2020	Additions	Depreciation	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal), net	Transfers, net	Net Book Value March 31, 2020
Land and land improvements	650.317	80	(3.119)	(6)	68	-	1.160	648.500
Buildings	3.011.706	170	(38.290)	18	(92.972)	-	21.021	2.901.653
Machinery and equipment	5.408.625	48.520	(210.444)	(4.132)	(129.347)	450	152.157	5.265.829
Vehicles	113.680	2.652	(7.657)	(473)	(2.828)	-	6.011	111.385
Other tangibles	2.312.680	92.301	(189.876)	(7.703)	(44.085)	(5.752)	52.436	2.210.001
Leasehold improvements	4.528	280	(251)	-	(667)	-	-	3.890
Construction in progress	504.985	187.759	-	(6)	(3.660)	-	(235.906)	453.172
	12.006.521	**331.762**	**(449.637)**	**(12.302)**	**(273.491)**	**(5.302)**	**(3.121)**	**11.594.430**

As of March 31, 2021, there is a pledge on property, plant and equipment of TRL174.669 (December 31, 2020 – TRL148.321) for loans of CCİ. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 16).

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

NOTE 13. OTHER INTANGIBLE ASSETS

For the three-month periods ended March 31, 2021 and 2020, movement on other intangible assets are as follows:

Current year	Net Book Value January 1, 2021	Additions	Amortization	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value March 31, 2021
Bottling contracts	**10.417.801**	**-**	**-**	**-**	**765.218**	**-**	**-**	**11.183.019**
Licence agreements	**5.642.031**	**-**	**-**	**-**	**613.361**	**-**	**-**	**6.255.392**
Brands	**774.556**	**-**	**-**	**-**	**85.402**	**-**	**-**	**859.958**
Rights	**88.637**	**89**	**(12.400)**	**-**	**5.053**	**-**	**3.941**	**85.320**
Construction in progress	**90.551**	**12.069**	**-**	**-**	**-**	**-**	**(49.734)**	**52.886**
Other intangible assets	**154.132**	**7.082**	**(8.226)**	**-**	**13.824**	**-**	**45.311**	**212.123**
	17.167.708	**19.240**	**(20.626)**	**-**	**1.482.858**	**-**	**(482)**	**18.648.698**

Previous year	Net Book Value January 1, 2020	Additions	Amortization	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value March 31, 2020
Bottling contracts	9.803.808	-	-	-	(193.159)	-	-	9.610.649
Licence agreements	5.455.560	-	-	-	(683.995)	-	-	4.771.565
Brands	743.706	-	-	-	(85.500)	-	-	658.206
Rights	99.249	138	(17.810)	-	(6.574)	-	5.705	80.708
Construction in progress	60.186	-	-	-	-	-	-	60.186
Other intangible assets	140.334	16.242	(7.074)	-	(5.177)	-	(4.563)	139.762
	16.302.843	16.380	(24.884)	-	(974.405)	-	1.142	15.321.076

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

NOTE 14. GOODWILL

For the three-month period ended March 31, 2021 and 2020, movements of the goodwill during the period are as follows:

	2021	2020
At January 1	**3.299.250**	3.221.352
Currency translation differences	**378.868**	(440.995)
At March 31	**3.678.118**	2.780.357

NOTE 15. CAPITAL RESERVES AND OTHER EQUITY ITEMS

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 resolution 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 and in profit distribution policies.

Inflation adjustment to shareholders' equity and carrying amount of extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

For March 31, 2021 and December 31, 2020, nominal amounts, equity restatement differences and restated value of equity are as follows:

	March 31, 2021			December 31, 2020		
	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**	372.939	74.729	447.668
Extraordinary reserves	**241.311**	**25.831**	**267.142**	241.311	25.831	267.142

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

NOTE 16. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of March 31, 2021, and December 31, 2020 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	March 31, 2021						
Current year	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Other Foreign Currency TRL Equivalent**
A. GPMs given on behalf of the Company's legal personality	**323.342**	**147.933**	**321**	**592**	**28.887**	**2.367.145**	**29.316**
B. GPMs given in favor of subsidiaries included in full consolidation (1)	**1.175.476**	**-**	**4.600**	**50.503**	**1.011.223**	**2.557.160**	**202.541**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Other GPMs	**791.235**	**24.649**	**-**	**78.474**	**-**	**-**	**-**
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 (2)	**791.235**	**24.649**	**-**	**78.474**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2.290.053**	**172.582**	**4.921**	**129.569**	**1.040.110**	**4.924.305**	**231.857**
Ratio of other GPMs over the Company's equity (%)	2,9						

	December 31, 2020						
Previous year	**Total TRL Equivalent**	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Other Foreign Currency TRL Equivalent**
A. GPMs given on behalf of the Company's legal personality	322.625	143.142	181	1.358	31.385	2.809.341	28.752
B. GPMs given in favor of subsidiaries included in full consolidation (1)	1.121.011	-	4.600	53.580	1.103.328	3.034.852	178.801
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-
D. Other GPMs	731.142	24.649	-	78.431	-	-	-
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(2)	731.142	24.649	-	78.431	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-
Total	2.174.778	167.791	4.781	133.369	1.134.713	5.844.193	207.553
Ratio of other GPMs over the Company's equity (%)	2,9						

(1) 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.

(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method. The Company has given a Project Completion Guarantee (Guarantee) for Anadolu Etap's payment obligations according to the loan agreement signed by Anadolu Etap with European Bank For Reconstruction and Development (EBRD) amounting to EURO102,9 million. The guarantee that has been given by Anadolu Efes is limited with Anadolu Efes' share in Anadolu Etap as determined by Article 12 of the Corporate Governance Communiqué.

NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

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 March 31, 2021, CCBPL has USD34,7 million sugar purchase commitment to the Banks until the end of December 2021 (December 31, 2020- USD 0,8 million sugar purchase commitment to the Banks until the end of December 2021 and USD 2,8 million sugar purchase commitment to the Banks until the end of June 2021).

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.

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 PKR3.505 million (equivalent to TRL191 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 (31 December 2020 - PKR3.505 million (equivalent to TRL161 million)).

Litigations against the Group

As of March 31, 2021, according to the legal opinion taken by the administration in response to 12 lawsuits filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL13.290. 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 (December 31, 2020- estimated compensation without provision is million TRL 13.300)

CCI and subsidiaries in Turkey are involved on an ongoing basis in 220 litigations arising in the ordinary course of business as of March 31, 2021 with an amount of TRL14.670 (31 December 2020 – TRL14.458). As of March 31, 2021, no court decision has been granted yet.

As of March 31, 2021, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR9.275 million (equivalent to TRL505,5 million) (December 31, 2020 – PKR5.126 million (equivalent to TRL235,4 million)).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group’s operation results, financial status and liquidity.

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

NOTE 17. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	March 31, 2021	December 31, 2020
Advances given to suppliers	**369.411**	254.651
Prepaid sales expenses	**317.609**	359.617
Prepaid insurance expenses	**10.017**	16.066
Prepaid rent expenses	**6.353**	9.792
Prepaid other expenses	**35.612**	20.429
	739.002	660.555

b) Long Term Prepaid Expenses

	March 31, 2021	December 31, 2020
Prepaid sales expenses	**403.273**	369.600
Prepaid rent expenses	**21.300**	20.850
Advances given to suppliers	**9.063**	20.437
Prepaid other expenses	**25.028**	20.112
	458.664	430.999

c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	March 31, 2021	December 31, 2020
Advances taken	**99.897**	130.976
Deferred income	**41**	-
	99.938	130.976

d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	March 31, 2021	December 31, 2020
Deferred income	**17.333**	7.531
	17.333	7.531

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

NOTE 18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	March 31, 2021	December 31, 2020
Value Added Tax (VAT) deductible or to be transferred	**247.982**	291.337
Other Current Assets from related parties (Anadolu Efes Spor Kulübü)	**80.000**	-
Deferred VAT and other taxes	**43.539**	66.464
Restricted cash	**-**	17.759
Other	**50.337**	82.162
	421.858	457.722

b) Other Non-Current Assets

	March 31, 2021	December 31, 2020
Deferred VAT and other taxes	**547**	669
Other	**165**	152
	712	821

c) Other Current and Non-Current Liabilities

As of March 31, 2021, and December 31, 2020, other current liabilities are as follows:

	March 31, 2021	December 31, 2020
Put option liability	**376.428**	331.285
Deferred VAT and other taxes	**44.232**	68.025
Other	**36.208**	31.628
	456.868	430.938

As of March 31, 2021, and December 31, 2020, other non- current liabilities are as follows:

	March 31, 2021	December 31, 2020
Deferred VAT and other taxes	**464**	500
Other	**3.136**	2.784
	3.600	3.284

As of March 31, 2021, the obligation of TRL19.684 results from the put option carried, for the purchase of %12,5 of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD2.360 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, 2020 – TRL17.324).

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 TRL356.744 and the amount is recorded under "other non-current liabilities" account (December 31, 2020 – TRL313.961).

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

NOTE 19. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	1 January - 31 March 2021	1 January- 31 March 2020
Foreign exchange gains arising from operating activities	**105.842**	77.557
Reversal of provision for inventory obsolescence	**12.306**	15.697
Income from scrap and other materials	**7.540**	8.265
Reversal of provision for expected credit loss	**3.575**	6.684
Rent income	**2.630**	9.725
Insurance compensation income	**208**	584
Other	**52.302**	30.135
	184.403	148.647

b) Other Operating Expenses

	1 January - 31 March 2021	1 January- 31 March 2020
Foreign exchange losses arising from operating activities	**(138.727)**	(254.715)
Provision for expected credit loss	**(17.029)**	(7.814)
Provision for inventory obsolescence	**(11.572)**	(19.960)
Administrative fines	**(328)**	(713)
Depreciation and amortization	**(51)**	(1.372)
Donations	**(31)**	(1.271)
Other	**(27.575)**	(26.912)
	(195.313)	(313.732)

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

NOTE 20. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	1 January - 31 March 2021	1 January- 31 March 2020
Transfer of currency translation differences previously accounted as other comprehensive income	**455.377**	279.931
Gain on disposal of fixed assets	**83.588**	18.810
Reversal of impairment on PPE	**6.428**	-
	545.393	298.741

b) Investment activity expense

	1 January - 31 March 2021	1 January- 31 March 2020
Loss on disposal of fixed assets	**(7.871)**	(5.146)
Provision for impairment on tangible assets	**(2.854)**	(5.302)
Other	**(151)**	(2.840)
	(10.876)	(13.288)

NOTE 21. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 31 March 2021	1 January- 31 March 2020
Foreign exchange gain	**580.217**	360.352
Interest income	**62.005**	58.264
Gain on derivative transactions	**27.691**	19.660
Interest income from subleases	**1.680**	2.160
Gain arising from the termination of lease agreements	**868**	648
Other	**170**	1.391
	672.631	442.475

b) Finance Expense

	1 January - 31 March 2021	1 January- 31 March 2020
Foreign exchange loss	**(355.582)**	(324.577)
Interest and borrowing expense	**(214.650)**	(155.455)
Loss on derivative transactions	**(29.099)**	(102.547)
Interest expense from leases	**(10.774)**	(13.618)
Other financial expenses	**(14.182)**	(10.943)
	(624.287)	(607.140)

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

NOTE 22. TAX ASSETS AND LIABILITIES

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

Different corporate tax rates of subsidiaries are as follows:

	March 31, 2021	December 31, 2020
Turkey	**20%**	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	**16%**	16%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%

As of March 31, 2021 and December 31, 2020 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	March 31, 2021	December 31, 2020
Deferred tax asset	**1.146.653**	942.314
Deferred tax liability	**(3.472.469)**	(3.257.472)
	(2.325.816)	(2.315.158)

	Asset		**Liability**		**Net**	
	March 31, 2021	December 31, 2020	**March 31, 2021**	December 31, 2020	**March 31, 2021**	December 31, 2020
PP&E and intangible assets and right used of assets	**-**	-	**(3.925.392)**	(3.658.030)	**(3.925.392)**	(3.658.030)
Inventories	**-**	25.548	**(14.639)**	-	**(14.639)**	25.548
Carry forward losses	**970.887**	821.268	**-**	-	**970.887**	821.268
Retirement pay liability and other employee benefits	**58.122**	52.813	**-**	-	**58.122**	52.813
Other provisions and accruals	**462.576**	329.588	**-**	-	**462.576**	329.588
Unused investment discounts	**96.261**	89.705	**-**	-	**96.261**	89.705
Derivative financial instruments	**26.369**	23.950	**-**	-	**26.369**	23.950
	1.614.215	1.342.872	**(3.940.031)**	(3.658.030)	**(2.325.816)**	(2.315.158)

As of March 31, 2021, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir, Isparta and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL293.938 (December 31, 2020, TRL293.938) with a total tax advantage of TRL96.261 (December 31, 2020, TRL89.705). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL3.708 (December 31, 2020 - TRL3.708).

NOTE 23. 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. The Group has no dilutive instruments.

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

NOTE 23. EARNINGS PER SHARE (continued)

Following table illustrates the net income and share figures used in earnings per share calculation:

	1 January- 31 March 2021	1 January- 31 March 2020
Weighted average number of shares (full value)	**592.105.263**	592.105.263
Net income/ (loss)	**295.163**	(128.598)
Earnings/ (losses) per share (full TRL)	**0,4985**	(0,2172)
Net income/ (loss)	**295.163**	(128.598)
Net income/ (loss) from discontinued operations	**-**	(2.441)
Net income/ (loss) from continuing operations	**295.163**	(126.157)
Earning/ (losses) from continuing operations (full TRL)	**0,4985**	(0,2131)
Net income/ (loss) from discontinued operations	**-**	(2.441)
Earning/ (losses) from discontinued operations (full TRL)	**-**	(0,0041)

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 24. NON-CURRENT ASSETS CLASSIFIED as HELD for SALE and DISCONTINUED OPERATIONS

a) Assets Held for Sale

The Group classified its facilities accounted under "Property, Plant and Equipment" whose net book value is TRL15.095 to "Non-Current Assets Held for Sale" in 2020.

Aforementioned assets with net book value of TRL12.791 is disposed in the first three months of 2021. The Group presents its plants with net book value of TRL2.304 in “Non- current Assets Held for Sale” in financial statements as of March 31, 2021.

b) Discontinued Operations

Agreement has been reached between The Coca-Cola Company and CCI on the preliminary discussions to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, CCI sales and distribution activities of Doğadan brand terminated as of 30 April 2020.

In the interim condensed consolidated financial statements as of March 31, 2020, Doğadan is disclosed as discontinued operation in accordance with TFRS 5. As of March 31, 2021, discontinued operation has no effect on financial statements.

	1 January – 31 March 2021	1 January – 31 March 2020
Revenue	**-**	59.850
Cost of Sales (-)	**-**	(57.693)
Sales, Distribution and Marketing Expenses (-)	**-**	(4.543)
Profit (Loss) from Discontinued Operations Before Tax	**-**	(2.386)
Tax (Expense) / Income from Discontinued Operations	**-**	(55)
Profit / (Loss) from Discontinued Operations	**-**	(2.441)

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

NOTE 25. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Due from Related Parties

	March 31, 2021	December 31, 2020
AB InBev Group Companies (3)	**273.024**	174.757
Migros Group Companies (2)	**248.335**	241.021
AG Anadolu Grubu Holding A.Ş. (1)	**29.460**	32.909
Other	**10.079**	8.781
	560.898	457.468

Due to Related Parties

	March 31, 2021	December 31, 2020
AB InBev Group Companies (3)	**661.225**	557.589
Anadolu Efes Spor Kulübü	**78.506**	-
Oyex Handels GmbH (2)	**8.144**	10.687
Other	**284**	770
	748.159	569.046

b) Transactions with Related Parties

Purchases of Goods, Services and Other Expense

	Nature of transaction	**1 January - 31 March 2021**	1 January- 31 March 2020
AB InBev Group Companies (3)	Service and Purchase of Trade Goods	**42.484**	28.404
Anadolu Efes Spor Kulübü	Service	**42.768**	27.530
Oyex Handels GmbH (2)	Purchase of Materials and Fixed Assets	**25.867**	13.279
AG Anadolu Grubu Holding A.Ş. (1)	Consultancy Service	**12.229**	12.944
Efestur Turizm İşletmeleri A.Ş. (2)	Travel and Accommodation	**704**	2.185
Çelik Motor Ticaret A.Ş. (2)	Vehicle Leasing	**275**	355
Other		**362**	117
		124.689	84.814

Financial Income and Expense

	Nature of transaction	**1 January - 31 March 2021**	1 January- 31 March 2020
AG Anadolu Grubu Holding A.Ş. (1)	Interest Income from Subleases	**1.680**	2.160
Çelik Motor Ticaret A.Ş.	Interest Expense from Leases	**(27)**	(84)
		1.653	2.076

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)

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

NOTE 25. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Revenue and Other Income / (Expenses)

	Nature of transaction	1 January - 31 March 2021	1 January- 31 March 2020
Migros Group Companies (2)	Sales Income	**188.415**	189.264
AB InBev Group Companies (3)	Other Income	**32.030**	13.854
Other	Other Income	**546**	76
		220.991	203.194

Director's Remuneration

As of March 31, 2021, and 2020, total benefits to Anadolu Efes Board of Directors, remuneration and similar benefits received by total executive members of the Board of Directors and executive directors are as follows:

	1 January - 31 March 2021		1 January- 31 March 2020	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**547**	**24.990**	127	18.624
Other long-term benefits	**-**	**1.613**	-	1.452
	547	**26.603**	127	20.076

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)

NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

The main risks arising from the Group's financial instruments can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

a) 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 5 Group's foreign currency liability consists of mainly long term liabilities. The Group also conducts foreign exchange forward transactions and cross currency swap transactions in order to hedge its foreign currency risk as stated in Note 8. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

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

NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

a) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of March 31, 2021 and December 31, 2020 are presented below:

Foreign Currency Position Table
March 31, 2021

	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	272.745	20.839	173.503	9.289	90.743	8.499
2a. Monetary Financial Assets (Cash and cash equivalents included)	4.840.745	538.564	4.483.976	29.066	283.940	72.829
2b. Non- monetary Financial Assets	228	-	-	23	228	-
3. Other	8.680	84	703	811	7.922	55
4. Current Assets (1+2+3)	**5.122.398**	**559.487**	**4.658.182**	**39.189**	**382.833**	**81.383**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	186	-	-	19	186	-
8. Non-Current Assets (5+6+7)	**186**	**-**	**-**	**19**	**186**	**-**
9. Total Assets (4+8)	**5.122.584**	**559.487**	**4.658.182**	**39.208**	**383.019**	**81.383**
10.Trade Payables and Due to Related Parties	(2.340.601)	(148.984)	(1.240.412)	(106.176)	(1.037.216)	(62.973)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(480.195)	(10.626)	(73.922)	(41.588)	(406.265)	(8)
12a. Monetary Other Liabilities	(430)	-	-	(44)	(430)	-
12b. Non-monetary Other Liabilities	(376.428)	(45.212)	(376.428)	-	-	-
13. Current Liabilities (10+11+12)	**(3.197.654)**	**(204.822)**	**(1.690.762)**	**(147.808)**	**(1.443.911)**	**(62.981)**
14. Trade Payables and Due to Related Parties	(49)	-	-	(5)	(49)	-
15. Long-Term Borrowings	(8.619.666)	(973.443)	(8.104.691)	(52.712)	(514.933)	(42)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(8.619.717)**	**(973.443)**	**(8.104.693)**	**(52.717)**	**(514.982)**	**(42)**
18. Total Liabilities (13+17)	**(11.817.371)**	**(1.178.265)**	**(9.795.455)**	**(200.525)**	**(1.958.893)**	**(63.023)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**6.821.528**	**819.324**	**6.821.528**	**-**	**-**	**-**
19a. Total Hedged Assets (*)	**6.821.528**	**819.324**	**6.821.528**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**126.741**	**200.546**	**1.684.255**	**(161.317)**	**(1.575.874)**	**18.360**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(6.327.451)**	**(573.650)**	**(4.761.546)**	**(162.170)**	**(1.584.210)**	**18.305**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(286.508)**	**(34.412)**	**(286.508)**	**1.715**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

Foreign Currency Position Table
December 31, 2020

	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	292.204	28.889	212.063	8.224	74.085	6.056
2a. Monetary Financial Assets (Cash and cash equivalents included)	3.515.804	440.604	3.234.251	25.298	227.882	53.671
2b. Non- monetary Financial Assets	181	-	-	20	181	-
3. Other	5.255	9	63	571	5.144	48
4. Current Assets (1+2+3)	**3.813.444**	**469.502**	**3.446.377**	**34.113**	**307.292**	**59.775**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.804	479	3.516	32	288	-
8. Non-Current Assets (5+6+7)	3.804	**479**	**3.516**	**32**	**288**	**-**
9. Total Assets (4+8)	**3.817.248**	**469.981**	**3.449.893**	**34.145**	**307.580**	**59.775**
10.Trade Payables and Due to Related Parties	(1.910.533)	(127.671)	(937.167)	(101.821)	(917.194)	(56.172)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(444.843)	(10.120)	(74.286)	(41.136)	(370.549)	(8)
12a. Monetary Other Liabilities	(2.397)	(233)	(1.712)	(76)	(685)	-
12b. Non-monetary Other Liabilities	(331.285)	(45.131)	(331.285)	-	-	-
13. Current Liabilities (10+11+12)	**(2.689.058)**	**(183.155)**	**(1.344.450)**	**(143.033)**	**(1.288.428)**	**(56.180)**
14. Trade Payables and Due to Related Parties	(45)	-	-	(5)	(45)	-
15. Long-Term Borrowings	(7.644.067)	(972.285)	(7.137.060)	(56.280)	(506.965)	(42)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(7.644.114)**	**(972.285)**	**(7.137.062)**	**(56.285)**	**(507.010)**	**(42)**
18. Total Liabilities (13+17)	**(10.333.172)**	**(1.155.440)**	**(8.481.512)**	**(199.318)**	**(1.795.438)**	**(56.222)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**6.014.248**	**819.324**	**6.014.248**	**-**	**-**	**-**
19a. Total Hedged Assets (*)	**6.014.248**	**819.324**	**6.014.248**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(501.676)**	**133.865**	**982.629**	**(165.173)**	**(1.487.858)**	**3.553**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(6.193.877)**	**(640.816)**	**(4.703.911)**	**(165.796)**	**(1.493.471)**	**3.505**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(162.392)**	**(31.131)**	**(228.515)**	**7.341**	**66.123**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

(*) 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

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

NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

a) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of March 31, 2021 and 2020 is as follows:

	1 January - 31 March 2021	1 January- 31 March 2020
Total Export	**184.470**	99.974
Total Import	**1.319.708**	1.178.616

The following table demonstrates the sensitivity analysis of foreign currency as of March 31, 2021 and 2020:

	Foreign Currency Position Sensitivity Analysis			
	March 31, 2021(*)		March 31, 2020(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	**(472.313)**	**472.313**	(546.187)	546.187
USD denominated hedging instruments (-)	**682.153**	**(682.153)**	533.872	(533.872)
Net effect in USD	**209.840**	**(209.840)**	(12.315)	12.315
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(158.421)**	**158.421**	(149.344)	149.344
EURO denominated hedging instruments (-)	**-**	**-**	36.076	(36.076)
Net effect in EURO	**(158.421)**	**158.421**	(113.268)	113.268
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**1.831**	**(1.831)**	(95)	95
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**1.831**	**(1.831)**	(95)	95
TOTAL	**53.250**	**(53.250)**	(125.678)	125.678

(*) Monetary assets and liabilities eliminated in scope of consolidation are not included.

b) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated bond issued amounting to USD500 million and EURO50 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

CCİ designated USD319 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 TRL819.579 (TRL655.663- 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 2020 – TRL1.283.115 (TRL1.026.492- including deferred tax effect)).

c) 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.

d) 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.

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

NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

e) 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 secured with guarantees or receivable insurance.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of March 31, 2021 and December 31, 2020 are disclosed as below:

	Receivables					
	Trade Receivables		**Other Receivables**			
March 31, 2021	**Due from related parties**	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits**	**Derivative Instruments**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**389.168**	**3.320.436**	**171.730**	**108.792**	**7.702.828**	**177.227**
- Maximum credit risk secured by guarantees	**227.113**	**1.526.749**	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	**381.040**	**3.136.548**	**171.730**	**108.792**	**7.702.828**	**177.227**
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	**8.128**	**183.888**	-	-	-	-
- Under guarantee, securities and credit insurance	-	**28.050**	-	-	-	-
D. Net carrying amount of financial assets impaired	-	-	-	-	-	-
- past due (gross carrying value)	-	**173.612**	-	-	-	-
- impaired (-)	-	**(173.612)**	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
- 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	-	-	-	-	-	-

Financial Assets Past Due but Not Impaired

March 31, 2021	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	**101.720**	-	-	-
Past due between 1-3 months	**28.513**	-	-	-
Past due between 3-12 months	**49.067**	-	-	-
Past due for more than 1 year	**4.588**	-	-	-

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

NOTE 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Receivables					
	Trade Receivables		Other Receivables			
December 31, 2020	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	322.831	2.423.986	134.637	95.422	8.449.028	143.388
- Maximum credit risk secured by guarantees	225.386	847.277	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	314.941	1.974.766	134.637	95.422	8.449.028	143.388
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	7.890	449.220	-	-	-	-
- Under guarantee, securities and credit insurance	-	18.659	-	-	-	-
D. Net carrying amount of financial assets impaired	-	-	-	-	-	-
- past due (gross carrying value)	-	147.828	-	-	-	-
- impaired (-)	-	(147.828)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
- 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	-	-	-	-	-	-

Financial Assets Past Due but Not Impaired

December 31, 2020	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	411.143	-	-	-
Past due between 1-3 months	35.716	-	-	-
Past due between 3-12 months	2.361	-	-	-
Past due for more than 1 year	-	-	-	-

f) 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 BNRI ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents and deposits over three months from total borrowing.

NOTE 27. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

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.

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

NOTE 27. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

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.

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 5, Note 8 and Note 26.

NOTE 28. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	January 1 – March 31, 2021	January 1 – March 31, 2020
Adjustments for impairment loss (reversal of impairment) of inventories (Note 19)	**(734)**	4.263
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 20)	**(3.574)**	5.302
Adjustments for impairment loss (reversal of impairment) of receivables (Note 19)	**13.454**	1.130
	9.146	10.695

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	January 1 – March 31, 2021	January 1 – March 31, 2020
Provision for vacation pay liability	**21.765**	15.178
Provision for retirement pay liability	**9.615**	11.495
Provision for seniority bonus	**6.994**	3.801
	38.374	30.474

c) Adjustments for Interest (Income) Expenses

	January 1 – March 31, 2021	January 1 – March 31, 2020
Adjustments for interest expenses (Note 21)	**214.650**	155.455
Adjustments for interest expense related to leases (Note 21)	**10.774**	13.618
Adjustments for interest income (Note 21)	**(62.005)**	(58.264)
Adjustments for interest income income sub-lease receivables (Note 21)	**(1.680)**	(2.160)
	161.739	108.649

d) Cash Flows from (used in) Financing Activities

	January 1 – March 31, 2021	January 1 – March 31, 2020
Income / (loss) from cash flow hedge	**66.344**	39.337
Change in time deposits with maturity more than three months	**16.338**	(326.561)
	82.682	(287.224)

e) Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments

	January 1 – March 31, 2021	January 1 – March 31, 2020
Adjustments for fair value (gains) losses on derivative financial instruments	**(45.947)**	79.801
	(45.947)	79.801

NOTE 29. EVENTS AFTER REPORTING PERIOD

a) In the meeting held on February 25, 2021, the Company Board of Directors resolved to submit for the approval of the General Assembly a cash dividend proposal of gross full TRL1.9348 (net full TRL1.64458) per each share with 1 TL nominal value amounting to a total of TRL1.145.605 realizing a 193.48% gross dividend distribution, calculated for the period January-December 2020 to be paid starting from May 28, 2021.

b) In 2020, Soft Drinks Operations recorded a net income of TRL1.232.671 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standards. As per the resolution of the Board of Soft Drink Operations dated February 24, 2021; resolved to propose to the General Assembly the distribution of a total TRL501.110 gross dividends to be paid starting from May 27, 2021. After legal liabilities are deducted, TRL395.000 of this amount will be paid from 2020 net income, and TRL106.110 will be paid from other distributable reserves. As per the proposal, the remainder of 2020 net income will be added to the extraordinary reserves.

Subject to the approval of the General Assembly, a gross cash dividend of full TRL1,97 (net full TRL1,97) per 100 shares, representing TL 1 nominal value, will be paid to Turkey based full and limited corporate taxpayers, who receive dividends through an established business or a representative office in Turkey. Other shareholders will receive gross full TRL1,97 (net full TRL1,6745) per 100 shares.

c) In accordance with the regulation numbered 7316, published in Official Gazette 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from %20 to %25, for the year 2022 to %23. The amendment is effective as of January 1, 2021. As the change has been announced after the reporting period, it is considered as a non-adjusting event according to IAS 10 and the Group continue to use 20% for the subsidiaries operating in Turkey as of the reporting date and related amendment will be applied in consolidated financial statements as of June 30, 2021.

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Deloitte.

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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 2020, 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

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

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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.

Key Audit Matter	How the matter was addressed in the audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") 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 40% in the consolidated financial statements. 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. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements, thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2 and 17.	The audit procedures applied including but not limited to the following are: • Assessing Group's process for the impairment testing of goodwill and intangible assets with indefinite useful lives and performing the design and implementation testing of the relevant controls, • Evaluating the appropriateness of cash generating units determined by Group management, • 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, • Comparing forecasted cash flows for each cash generating unit with its historical financial performance, • 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 rate, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions, • Evaluating the appropriateness of related disclosures regarding to Intangible Assets with Indefinite Useful Lives and Goodwill in Notes 17 in accordance with TFRS.

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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).

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- 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.

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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 25 February 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2020 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, SMMM
Partner

İstanbul, 25 February 2021

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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	Notes	**Audited** **December 31, 2020**	Restated (Note 2) December 31, 2019	Restated (Note 2) January 1, 2019
ASSETS				
Cash and Cash Equivalents	6	**8.524.950**	5.814.721	4.770.052
Financial Investments	9	**23.164**	380.280	21.163
Trade Receivables	10	**2.687.383**	2.727.201	2.413.804
- Trade Receivables from Related Parties	*32*	***322.831***	*290.784*	*230.018*
- Trade Receivables from Third Parties		***2.364.552***	*2.436.417*	*2.183.786*
Other Receivables	11	**162.530**	165.655	118.508
- Other Receivables from Related Parties	*32*	***115.371***	*102.678*	*44.857*
- Other Receivables from Third Parties		***47.159***	*62.977*	*73.651*
Derivative Financial Assets	8	**135.109**	3.492	-
Inventories	12	**2.708.747**	2.257.493	1.943.100
Prepaid Expenses	13	**665.050**	639.946	493.737
Current Tax Assets	29	**289.661**	229.259	168.428
Other Current Assets	21	**457.722**	465.909	439.255
- Other Current Assets from Third Parties		*457.722*	*465.909*	*439.255*
Subtotal		**15.654.316**	12.683.956	10.368.047
Non-current Assets Classified as Held for Sale	31	**15.095**	-	-
Current Assets		**15.669.411**	12.683.956	10.368.047
Financial Investments		**799**	798	792
Trade Receivables	10	**1.792**	1.619	1.437
- Trade Receivables from Third Parties		***1.792***	*1.619*	*1.437*
Other Receivables	11	**67.529**	76.654	100.399
- Other Receivables from Related Parties	*32*	***19.266***	*21.394*	*47.533*
- Other Receivables from Third Parties		***48.263***	*55.260*	*52.866*
Derivative Financial Assets	8	**8.279**	-	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	**12.592.066**	12.006.521	10.753.432
Right of Use Assets	14	**327.253**	396.115	254.877
Intangible Assets		**20.466.958**	19.524.195	16.956.534
- Goodwill	*17*	***3.299.250***	*3.221.352*	*2.612.996*
- Other Intangible Assets	*17*	***17.167.708***	*16.302.843*	*14.343.538*
Prepaid Expenses	13	**484.146**	358.813	407.495
Deferred Tax Asset	29	**942.314**	636.111	620.593
Other Non-Current Assets	21	**821**	6.113	997
Non-Current Assets		**34.891.957**	33.214.176	29.328.123
TOTAL ASSETS		**50.561.368**	45.898.132	39.696.170

	Notes	Audited December 31, 2020	Restated (Note 2) December 31, 2019	Restated (Note 2) January 1, 2019
LIABILITIES				
Current Borrowings	7	**2.327.687**	757.458	830.699
- Current Borrowings from Related Parties		**-**	-	*328.327*
- Other Short-term Borrowings		**-**	-	*328.327*
- Current Borrowings from Third Parties		***2.327.687***	*757.458*	*502.372*
- Banks Loans	*7a*	***2.327.494***	*757.458*	*502.372*
- Lease Liabilities	*7b*	***193***	-	-
Current Portion of Non-Current Borrowings	7	**656.805**	1.539.089	1.576.272
- Current Portion of Non-Current Borrowings from Related Parties		**-**	-	*196.784*
- Other Current Portion of Non-current Borrowings		**-**	-	*196.784*
- Current Portion of Non-Current Borrowings from Third Parties		***656.805***	*1.539.089*	*1.379.488*
- Banks Loans	*7a*	***513.660***	*882.925*	*1.294.738*
- Lease Liabilities	*7b*	***112.362***	*130.523*	*51.856*
- Issued Debt Instruments	*7a*	***30.783***	*525.641*	*32.894*
Trade Payables	10	**6.119.237**	5.298.119	3.600.610
- Trade Payables to Related Parties	*32*	***569.046***	*486.304*	*282.578*
- Trade Payables to Third Parties	*10*	***5.550.191***	*4.811.815*	*3.318.032*
Employee Benefit Obligations	19	**113.117**	81.955	77.035
Other Payables	11	**2.305.485**	1.550.028	1.590.187
- Other Payables to Third Parties		***2.305.485***	*1.550.028*	*1.590.187*
Derivative Financial Liabilities	8	**78.280**	13.360	29.832
Deferred Income	13	**130.976**	44.010	58.592
Current Tax Liabilities	29	**127.950**	29.714	17.051
Current Provisions		**174.542**	169.667	194.729
- Current Provisions for Employee Benefits	*20*	***139.468***	*115.224*	*113.218*
- Other Current Provisions	*20*	***35.074***	*54.443*	*81.511*
Other Current Liabilities	21	**508.024**	213.122	100.458
Current Liabilities		**12.542.103**	9.696.522	8.075.465
Long-Term Borrowings	7	**9.180.122**	8.253.494	7.137.471
- Long-term Borrowings from Third Parties		***9.180.122***	*8.253.494*	*7.137.471*
- Banks Loans	*7a*	***1.816.654***	*1.622.498*	*797.835*
- Lease Liabilities	*7b*	***257.907***	*315.528*	*263.906*
- Issued Debt Instruments	*7a*	***7.105.561***	*6.315.468*	*6.075.730*
Trade Payables	10	**49.528**	71.923	44.207
- Trade Payables to Third Parties		***49.528***	*71.923*	*44.207*
Employee Benefit Obligations	19	**1.155**	-	-
Other Payables	11	**4.417**	20.300	24.613
- Other Payables to Third Parties		***4.417***	*20.300*	*24.613*
Liabilities due to Investments Accounted for Using Equity Method	4	**57.241**	-	-
Derivative Financial Liabilities	8	**213.420**	-	-
Deferred Income	13	**7.531**	2.128	975
Non-Current Provision	20	**230.367**	188.435	143.175
- Non-Current Provision for Employee Benefits		***230.367***	*188.435*	*143.175*
Deferred Tax Liabilities	29	**3.257.472**	3.073.271	2.741.615
Other Non-Current Liabilities	21	**3.284**	211.759	206.375
Non-Current Liabilities		**13.004.537**	11.821.310	10.298.431
Equity Attributable to Equity Holders of the Parent		**12.805.764**	13.177.295	11.369.312
Issued Capital	22	**592.105**	592.105	592.105
Inflation Adjustment on Capital	22	**63.583**	63.583	63.583
Share Premium (Discount)		**1.364.733**	2.434.374	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests		**6.773**	6.773	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(32.151)**	(27.978)	(23.464)
-Revaluation and Remeasurement Gain/ (Loss)		***(32.151)***	*(27.978)*	(23.464)
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**4.409.983**	4.522.459	3.443.292
- Currency Translation Differences		***6.481.026***	*5.712.414*	*4.118.158*
- Gains (Losses) on Hedge		***(2.071.043)***	*(1.189.955)*	*(674.866)*
Restricted Reserves Appropriated from Profits	22	**372.939**	372.939	342.931
Prior Years' Profits or Losses		**5.213.040**	4.178.878	4.178.878
Current Period Net Profit or Losses		**814.759**	1.034.162	-
Non-Controlling Interests	4	**12.208.964**	11.203.005	9.952.962
Total Equity		**25.014.728**	24.380.300	21.322.274
TOTAL LIABILITIES		**50.561.368**	45.898.132	39.696.170

	Notes	Audited **Current Period** **1 January-** **31 December** **2020**	Restated (Note 2) Previous Period 1 January- 31 December 2019
Revenue	5, 23	**26.742.693**	23.076.564
Cost of Sales	23	**(16.799.303)**	(14.320.243)
GROSS PROFIT (LOSS)		**9.943.390**	**8.756.321**
General Administrative Expenses	24	**(2.057.227)**	(1.770.749)
Sales, Distribution and Marketing Expenses	24	**(5.210.101)**	(4.908.553)
Other Income from Operating Activities	26	**859.096**	626.898
Other Expenses from Operating Activities	26	**(817.959)**	(457.759)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**2.717.199**	**2.246.158**
Investment Activity Income	27	**474.495**	909.544
Investment Activity Expenses	27	**(158.417)**	(221.957)
Income/ (Loss) from Associates	4	**(249.004)**	(123.732)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**2.784.273**	**2.810.013**
Finance Income	28	**2.258.422**	1.096.839
Finance Expenses	28	**(2.975.745)**	(1.948.990)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**2.066.950**	**1.957.862**
Tax (Expense) Income, Continuing Operations		**(610.076)**	(652.273)
- Current Period Tax Income (Expense)	*29*	***(610.283)***	*(411.564)*
- Deferred Tax Income (Expense)	*29*	***207***	*(240.709)*
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**1.456.874**	**1.305.589**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	31	**(3.964)**	**3.006**
PROFIT/(LOSS)		**1.452.910**	**1.308.595**
Profit/(Loss) Attributable to:			
- Non-Controlling Interest	*4*	***638.151***	*274.433*
- Owners of Parent		***814.759***	*1.034.162*
Earnings / (Loss) Per Share (Full TRL)	30	**1,3760**	**1,7466**
Earnings / (Loss) Per Share From Continuing Operations (Full TRL)	30	**1,3827**	**1,7415**
Earnings / (Loss) Per Share From Discontinued Operations (Full TRL)	30	**(0,0067)**	**0,0051**

	Notes	Audited Current Period 1 January- 31 December 2020	Restated (Note 2) Previous Period 1 January- 31 December 2019
PROFIT/(LOSS)		**1.452.910**	1.308.595
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**(7.643)**	(8.251)
Gains (Losses) on Remeasurements of Defined Benefit Plans	**20**	**(9.387)**	(10.112)
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		**1.744**	1.861
- Deferred Tax Income (Expense)		***1.744***	*1.861*
Other Comprehensive Income that will be Reclassified to Profit or Loss		**410.749**	2.207.826
Currency Translation Differences		**1.527.916**	2.864.074
Other Comprehensive Income (Loss) on Cash Flow Hedge		**(102.090)**	(227.309)
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations	**33**	**(1.283.115)**	(572.837)
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		**268.038**	143.898
- Deferred Tax Income (Expense)		***268.038***	*143.898*
OTHER COMPREHENSIVE INCOME (LOSS)		**403.106**	**2.199.575**
TOTAL COMPREHENSIVE INCOME (LOSS)		**1.856.016**	**3.508.170**
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		***1.157.906***	*1.399.355*
-Owners of Parents		***698.110***	*2.108.815*

							Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss			Retained Earnings				
		Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests (*)	Revaluation and Remeasurement Gain/ (Loss) (**)	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
Previous period (1 January – 31 December 2019)	**Beginning Balances**		592.105	63.583	2.765.214	6.773	(23.464)	4.118.158	(674.866)	342.931	3.996.332	(11.684)	11.175.082	9.952.962	21.128.044
	Other Adjsutments	2	-	-	-	-	-	-	-	-	178.568	15.662	194.230	-	194.230
	Restated Balances		592.105	63.583	2.765.214	6.773	(23.464)	4.118.158	(674.866)	342.931	4.174.900	3.978	11.369.312	9.952.962	21.322.274
	Transfers		-	-	(30.008)	-	-	-	-	30.008	3.978	(3.978)	-		-
	Total Comprehensive Income (Loss)		-	-	-	-	**(4.514)**	**1.594.256**	**(515.089)**	-	-	**1.034.162**	**2.108.815**	**1.399.355**	**3.508.170**
	- *Profit (Loss)*		-	-	-	-	-	-	-	-	-	*1.034.162*	*1.034.162*	*274.433*	*1.308.595*
	- *Other Comprehensive Income (Loss)*		-	-	-	-	*(4.514)*	*1.594.256*	*(515.089)*	-	-	-	*1.074.653*	*1.124.922*	*2.199.575*
	Dividends	22	-	-	(300.832)	-	-	-	-	-	-	-	(300.832)	(149.312)	(450.144)
	Ending Balances		592.105	63.583	2.434.374	6.773	(27.978)	5.712.414	(1.189.955)	372.939	4.178.878	1.034.162	13.177.295	11.203.005	24.380.300
Current Period (1 January – 31 December 2020)	**Beginning Balances**		**592.105**	**63.583**	**2.434.374**	**6.773**	**(27.978)**	**5.712.414**	**(1.189.955)**	**372.939**	**4.178.878**	**1.034.162**	**13.177.295**	**11.203.005**	**24.380.300**
	Transfers		-	-	-	-	-	-	-	-	**1.034.162**	**(1.034.162)**	-	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	**(4.173)**	**768.612**	**(881.088)**	-	-	**814.759**	**698.110**	**1.157.906**	**1.856.016**
	- *Profit (Loss)*		-	-	-	-	-	-	-	-	-	***814.759***	***814.759***	***638.151***	***1.452.910***
	- *Other Comprehensive Income (Loss)*		-	-	-	-	***(4.173)***	***768.612***	***(881.088)***	-	-	-	***(116.649)***	***519.755***	***403.106***
	Dividends	22	-	-	**(1.069.641)**	-	-	-	-	-	-	-	**(1.069.641)**	**(151.947)**	**(1.221.588)**
	Ending Balances		**592.105**	**63.583**	**1.364.733**	**6.773**	**(32.151)**	**6.481.026**	**(2.071.043)**	**372.939**	**5.213.040**	**814.759**	**12.805.764**	**12.208.964**	**25.014.728**

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

	Notes	**Audited** **1 January-December 31, 2020**	Restated (Note 2) 1 January-December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		**4.956.927**	4.157.115
Profit/ (Loss) from Continuing Operation for the Period		**1.456.874**	1.305.589
Profit/ (Loss) from Discontinued Operation for the Period		**(3.964)**	3.006
Adjustments to Reconcile Profit (Loss)		**3.548.904**	2.551.399
Adjustments for Depreciation and Amortization Expense	5, 15, 16, 17,25	**2.073.049**	1.743.205
Adjustments for Impairment Loss (Reversal)	35	**72.414**	148.885
Adjustments for Provisions	35	**77.499**	81.121
Adjustments for Interest (Income) Expenses	35	**381.518**	314.465
Adjustments for Foreign Exchange Losses (Gains)		**502.949**	237.332
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	35	**14.332**	34.210
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	**249.004**	123.732
Adjustments for Tax (Income) Expenses	29	**610.076**	652.273
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	27	**(115.062)**	(263.098)
Transfer of currency translation differences previously accounted as other comprehensive income	27	**(279.929)**	(467.516)
Other Adjustments to Reconcile Profit (Loss)		**(36.946)**	(53.210)
Change in Working Capital		**514.907**	824.831
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(5.082)**	(337.466)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(115.963)**	(142.718)
Adjustments for Decrease (Increase) in Inventories		**(471.966)**	(402.022)
Adjustments for increase (Decrease) in Trade Accounts Payable		**836.118**	1.610.696
Adjustments for increase (Decrease) in Other Operating Payables		**271.800**	96.341
Cash Flows from (used in) Operations		**5.516.721**	4.684.825
Payments Related with Provisions for Employee Benefits	20	**(52.117)**	(47.418)
Income Taxes (Paid) Return		**(507.677)**	(480.292)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(1.515.021)**	(1.526.174)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	**(126.393)**	(114.189)
Proceeds from Sales of Property, Plant, Equipment		**357.218**	411.051
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	15,16,17	**(1.745.846)**	(1.823.036)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(1.113.782)**	(1.489.217)
Proceeds from Borrowings	7	**5.493.058**	2.427.127
Repayments of Borrowings	7	**(5.818.335)**	(2.662.159)
Payments of Lease Liabilities	7	**(191.541)**	(136.284)
Dividends Paid		**(604.324)**	(450.144)
Interest Paid	7	**(634.372)**	(531.131)
Interest Received		**269.816**	257.692
Other Inflows (Outflows) of Cash	35	**371.916**	(394.318)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**2.328.124**	1.141.724
Effect Of Currency Translation Differences On Cash And Cash Equivalents		**383.886**	(101.958)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**2.712.010**	1.039.766
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**5.796.125**	4.756.359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**8.508.135**	5.796.125

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 is located at the address “Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul”.

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 16.797 (December 31, 2019 – 17.138).

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 25, 2021. 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, 2019 - 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, 2019 – production of malt in two locations in Turkey and three locations in Russia). Entities carrying out the relevant activities will be referred as “Beer Operations”.

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2019 - ten facilities in Turkey, sixteen facilities in other countries). Entities carrying out the relevant activities will be referred as “Soft Drink Operations”.

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, 2020 and December 31, 2019, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2020		December 31, 2019	
	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
	592.105	**100,00**	592.105	100,00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

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, 2020 and December 31, 2019 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % December 31, 2020	December 31, 2019
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
Efes Trade BY FLLC (Efes Belarus)	Belarus	Marketing and distribution of beer	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 AB Inbev Efes (1)	Russia	Production and marketing of beer	International Beer	**50,00**	50,00
PJSC AB Inbev Efes Ukraine (1)	Ukraine	Production and marketing of beer	International Beer	**49,36**	49,36
LLC Vostok Solod (2)	Russia	Production of malt	International Beer	**50,00**	50,00
LLC Bosteels Trade (2)	Russia	Selling and distribution of beer	International Beer	**50,00**	50,00
LLC Inbev Trade (2)	Russia	Production of malt	International Beer	**50,00**	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (1)	Germany	Investment company	International Beer	**50,00**	50,00
Bevmar GmbH (1)	Germany	Investment company	International Beer	**50,00**	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (3)	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) (4)	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, Doğadan and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	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
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al 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

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % December 31, 2020	December 31, 2019
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) (5)	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	**76,22**	71,70
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	**25,13**	25,13

(1) Subsidiaries that AB Inbev Efes B.V. directly participates.
(2) Subsidiaries of JSC AB Inbev Efes.
(3) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(4) Shares of CCİ are currently traded on BIST.
(5) Capital increase was made in Anadolu Etap in March 2020. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 71,70% to 76,22%. Anadolu Etap, which is currently being accounted to Group's financials 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.

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

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.

Effect of COVID-19 Outbreak on Group Operations

The Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID-19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to lockdowns and due to closure of some sales channels in countries where the Group operates in line with the slowdown in global markets and beer/ beverage industry. Meanwhile the Group has taken series of actions to minimize capital expenditures, expenses and inventory level and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity position. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and the Group's operations.

The Group management has evaluated the potential effects of COVID-19 outbreak and has reviewed the key assumptions estimations used in proportion of the consolidated financial statements. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and do not anticipate any material impairment loss in the consolidated financial statements as of December 31, 2020.

Nature of risks arisıng from financial instruments, and risk management policies and risk level for the Group has been presented in Note 33.

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 addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	
		2020	2019
EBI	Europian 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.	Europian 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

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Changes in Accounting Policies

Adoption of new and revised Turkish Financial Reporting Standards

New and amended TFRS Standards that are effective for the current year

Amendments to TFRS 3 *Definition of a Business*

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

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

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

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

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

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

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

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Changes in Accounting Policies (continued)

New and amended TFRS Standards that are effective for the current year (continued)

Amendments to References to the Conceptual Framework in TFRSs

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

Standards, amendments and interpretations that are issued but not effective as at 31 December 2020

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

TFRS 17 *Insurance Contracts*

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

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

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

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Changes in Accounting Policies (continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2020 (continued)

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Changes in Accounting Policies

The accounting estimates of the Group are adopted to be the same as prior years and material changes in prior years' accounting estimates are explained on Note 2.35.

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.

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

A joint venture agreement was signed between EBI and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). 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 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 Euro-Asien, 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 23,78% 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 accounted by using equity method during the period of validity of the shareolder 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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 14 to 65 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.

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	5-49 years
Machinery and equipment	6-20 years
Leasehold improvements	4-20 years
Furnitures and fixtures	5-10 years
Vehicles	5-10 years
Retumable bottles and cases	5-10 years
Other tangible assets	5-12 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).

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.

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

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.15 Leases (continued)

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

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect the lease payments made, and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications. 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 Non-Current Assets Classified as Held for Sale

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

2.17 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.17 Other Intangible Assets (continued)

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;

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012 and 2018.

Since the 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.

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.

2.18 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.18 Business Combinations and Goodwill (continued)

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.

2.19 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.

2.20 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.

2.21 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.21 Current Income Tax and Deferred Tax (continued)

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	December 31, 2020	December 31, 2019
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	**16%**	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.

2.22 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.22 Employee Benefits (continued)

b) 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.

c) 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.

2.23 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.

2.24 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/TRL(full)	EURO/TRL(full)
December 31, 2020	7,3405	9,0079
December 31, 2019	5,9402	6,6506

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.25 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.

2.26 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.27 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.

2.28 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.

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.

2.28 Revenue (continued)

a) Sale of Goods (continued)

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.

2.29 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 recoded as expensed at the date they are incurred.

2.30 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)

2.31 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.

2.32 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.

2.33 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.33 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.

2.34 Use of Assumptions and Accounting 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, 2020, 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 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.34 Use of Assumptions and Accounting Estimates (continued)

Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data. The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 4,00% - 15,07% (December 31, 2019 – 3,00% - 15,10%) and after tax discount rate is between 9,28% and 24,80% (December 31, 2019 – 8,46% and 26,70%).

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, 2020, 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).

g) The management of Soft Drink Operations management has made significant assumptions based on the expertise of its technical departments in determining the useful life of spare parts for machinery and equipment. The Group made changes in its useful life estimates in 2020 and reduced the related useful life estimate for spare parts of soft drink operations from 20 years to 10 years. (Note 16)

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

2.35 Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is restated or classified when necessary and significant differences are accordingly disclosed. In the current period, the Group has made some restatements and reclassifications in the prior period's consolidated financial statements.

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

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.35 Comparative Information and Restatement of Prior Period Financial Statements (continued)

	January,1 2019		
	Previously Reported	Effect of Restatement and Reclassification	Restated
Deferred Tax Assets	675.375	(54.782)	620.593
Current Other Payables	1.472.436	117.751	1.590.187
- Other Payables to Third Parties	*1.472.436*	*117.751*	*1.590.187*
Non-Current Other Payables	391.376	(366.763)	24.613
- Other Payables to Third Parties	*391.376*	*(366.763)*	*24.613*
Prior Years' Profits or Losses	3.984.648	194.230	4.178.878

Restatements made in the financial statements dated December 31, 2019:

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

Reclassifications made in the financial statements dated December 31, 2019:

2. As stated in the Material Event Disclosures published on KAP on 21 January 2020 and 1 April 2020, sales and distribution activities of the non-ready to drink tea Doğadan brand in Turkey has been terminated as of 30 April 2020. The Group reclassified the consolidated Statement of Profit or Loss prepared for the period ending on 31 December 2019 in comparison with the consolidated financial statements prepared for the period ended on 31 December 2020.

Items belonging to Doğadan were classified as discontinued operations in accordance with IFRS 5 in the consolidated income statement as of December 31, 2019 in order to provide comparative information in the consolidated financial statements as of December 31, 2020. As a result of the reclassification, TRL 237.247 previously presented in "Revenue" account, TRL 211.958 previously presented in the "Cost of Sales" account, TRL 21.819 previously presented in the "Sales, Distribution and Marketing Expenses" account and 824 TL previously presented in "Period Tax Expense", are now presented in "Discontinued Operations Period Net Profit" as a net amount.

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.35 Comparative Information and Restatement of Prior Period Financial Statements (continued)

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

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

	December 31, 2019		
	Previously Reported	**Effect of Restatement and Reclassification**	**Restated**
Deferred Tax Assets	694.454	(58.343)	636.111
Current Trade Payables	5.293.722	4.397	5.298.119
- Trade Payables to Third Parties	*4.807.418*	*4.397*	*4.811.815*
Current Other Payables	1.423.121	126.907	1.550.028
- Other Payables to Third Parties	*1.423.121*	*126.907*	*1.550.028*
Current Provisions	174.064	(4.397)	169.667
- Other Current Provisions	*58.840*	*(4.397)*	*54.443*
Non-Current Trade Payables	10.864	61.059	71.923
- Trade Payables to Third Parties	*10.864*	*61.059*	*71.923*
Non-Current Other Payables	473.497	(453.197)	20.300
- Other Payables to Third Parties	*473.497*	*(453.197)*	*20.300*
Prior Years' Profits or Losses	3.984.648	194.230	4.178.878
Current Period Net Profit or Losses	1.021.504	12.658	1.034.162
Revenue	23.313.811	(237.247)	23.076.564
Cost of Sales (-)	(14.531.841)	211.598	(14.320.243)
Sales, Distribution and Marketing Expenses (-)	(4.930.372)	21.819	(4.908.553)
Other Income from Operating Activities	816.855	(189.957)	626.898
Other Expenses from Operating Activities (-)	(663.959)	206.200	(457.759)
Finance Income	1.230.218	(133.379)	1.096.839
Finance Expenses (-)	(2.082.369)	133.379	(1.948.990)
Tax (Expense) Income, Continuing Operations	(649.512)	(2.761)	(652.273)
- Current Period Tax (Expense) Income	*(450.702)*	*39.138*	*(411.564)*
- Deferred Tax (Expense) Income	*(198.810)*	*(41.899)*	*(240.709)*
Profit/(Loss) from Discontinued Operations	-	3.006	3.006

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2020

The Company's ownership in Anadolu Etap has been increased to 76,22% from 71,70% on 6 March 2020 following the capital increase by TRL126.393. Anadolu Etap, which is currently being consolidated to Group's financials statements by using the equity method, 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.

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

a) The Company, Burlingtown LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtown 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%.
b) 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.

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 CCİ while it has 50,26% ownership interest in CCİ. CCİ 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 TRL627.037 (December 31, 2019 – TRL274.433, of which TRL679.249 (December 31, 2019 – TRL456.751) is related with net income of CCİ attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL12.294.845 (December 31, 2019 – TRL11.203.005), of which TRL7.912.218 (December 31, 2019 – TRL6.598.343) is related with equity of CCİ attributable to non-controlling interests.

In 2020, total dividend declared to non-controlling interests is amounting to TRL151.947 as disclosed in the consolidated statement of changes in equity (December 31, 2019 – TRL149.312). TRL151.947 of this amount has been paid by CCİ to non-controlling interests (December 31, 2019 – TRL147.591).

The Group management has identified CCİ 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 CCİ is given below:

	2020	2019
Net cash generated from operating activities	**2.905.746**	2.032.156
Net cash used in investing activities	**(555.948)**	(829.751)
Net cash generated from financing activities	**(902.113)**	(823.351)
Currency translation adjustment	**390.103**	154.020
Net increase / (decrease) in cash and cash equivalents	**1.837.788**	533.074

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (continued)

b) Investments in associates

	31 December 2020		31 December 2019	
	Ownership	**Carrying Value**	Ownership	Carrying Value
Anadolu Etap [1] [2]	**76,22%**	**(57.241)**	71,70%	62.013
SSDSD [3]	**25,13%**	**-**	25,13%	-
		(57.241)		62.013

Relating to investment in associates, total assets and liabilities and profit/ (loss) for the period of as of December 31, 2020 and 2019 are as follows:

	Anadolu Etap		SSDSD	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
Total Assets	**1.897.976**	808.983	**1.145**	1.380
Total Liabilities	**1.973.071**	722.494	**11.584**	7.937
Net Assets	**(75.095)**	86.489	**(10.439)**	(6.557)

	Anadolu Etap		SSDSD	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
Group's Share (%)	**76,22%**	71,70%	**25,13%**	25,13%
Group's Share of Net Assets for the period	**(57.241)**	62.013	**(5.246)**	(3.279)
Group's Share of Profit/(Loss) for the period	**(245.647)**	(123.371)	**(3.357)**	(361)

The movement of investments in associates for the years ended as of December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at January 1	**62.013**	71.195
Income / Loss from associates	**(249.004)**	(123.732)
Other	**3.357**	361
Shares purchase	**-**	189
Capital increase[1]	**126.393**	114.000
Balance at December 31	**(57.241)**	62.013

(1) The Company's ownership in Anadolu Etap has been increased to 76,22% from 71,70% on 6 March 2020 following the capital increase by TRL126.393. Anadolu Etap, which is currently being consolidated to Group's financial statements by using with equity method, will continue to be consolidated 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

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

(3) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

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[(1)] and Eliminations	Total
January 1 – December 31, 2020					
Revenues	**2.306.976**	**9.995.283**	**14.391.013**	**80.750**	**26.774.022**
Inter-segment revenues	**(28.958)**	**(2.027)**	**(344)**	**-**	**(31.329)**
Total Revenues	**2.278.018**	**9.993.256**	**14.390.669**	**80.750**	**26.742.693**
EBITDA	**381.017**	**1.630.700**	**3.136.818**	**(54.826)**	**5.093.709**
Financial Income / (Expense)	**49.689**	**(324.957)**	**(289.092)**	**(152.963)**	**(717.323)**
Tax (Expense) Income	**(39.560)**	**(124.566)**	**(447.980)**	**2.030**	**(610.076)**
Profit / (loss) for the period	**104.719**	**198.776**	**1.318.170**	**(164.791)**	**1.456.874**
Capital expenditures (Note 16, 17)	**351.346**	**727.558**	**666.144**	**798**	**1.745.846**
January 1 – December 31, 2019					
Revenues	2.254.505	8.765.210	12.007.762	87.041	23.114.518
Inter-segment revenues	(36.631)	(1.106)	(217)	-	(37.954)
Total Revenues	2.217.874	8.764.104	12.007.545	87.041	23.076.564
EBITDA	407.257	1.420.592	2.278.812	(55.890)	4.050.771
Financial Income / (Expense)	(75.315)	(326.780)	(334.872)	(115.184)	(852.151)
Tax (Expense) Income	11.554	(297.646)	(245.857)	(120.324)	(652.273)
Profit / (loss) for the period	133.295	(67.545)	939.240	300.599	1.305.589
Capital expenditures (Note 16, 17)	271.030	785.187	765.987	1.311	1.823.515

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses.

NOTE 5. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other [(1)] and Eliminations	Total
December 31, 2020					
Segment assets	**9.858.339**	**18.942.309**	**19.147.331**	**2.613.389**	**50.561.368**
Segment liabilities	**3.198.624**	**7.070.796**	**10.410.690**	**4.866.530**	**25.546.640**
Investment in associates	**-**	**-**	**-**	**(57.241)**	**(57.241)**
December 31, 2019					
Segment assets	9.444.979	18.185.061	15.959.755	2.308.337	45.898.132
Segment liabilities	1.755.280	6.715.142	8.590.406	4.457.004	21.517.832
Investment in associates	-	-	-	62.013	62.013

(1) 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, 2020 and 2019 are as follows:

	2020	2019
EBITDA	**5.093.709**	4.050.771
Depreciation and amortization expenses	**(2.073.049)**	(1.743.205)
Provision for retirement pay liability	**(49.041)**	(53.739)
Provision for vacation pay liability	**(9.667)**	(13.865)
Foreign exchange gain/loss from operating activities	**(236.412)**	8.546
Rediscount income/expense from operating activities	**19**	2.768
Other	**(8.360)**	(5.118)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**2.717.199**	2.246.158
Investment Activity Income	**474.495**	909.544
Investment Activity Expenses (-)	**(158.417)**	(221.957)
Income/(Loss) from Associates	**(249.004)**	(123.732)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**2.784.273**	2.810.013
Finance Income	**2.258.422**	1.096.839
Finance Expenses	**(2.975.745)**	(1.948.990)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**2.066.950**	1.957.862

NOTE 6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	**2.800**	3.433
Bank accounts		
- Time deposits	**7.542.612**	5.064.833
- Demand deposits	**883.252**	599.839
Other	**79.471**	128.020
Cash and cash equivalents in cash flow statement	**8.508.135**	5.796.125
Expected Credit Loss (-)	**(1.179)**	**-**
Interest income accrual	**17.994**	18.596
	8.524.950	5.814.721

As of December 31, 2020, annual interest rates of the TRL denominated time deposits vary between 15,50% and 19,00% and have maturity between 4 - 50 days (December 31, 2019 – 7,60% - 14,10%; maturity between 2-76 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,02% and 8,25% and have maturity between 4-309 days (December 31, 2019– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,5% - 18,00%; maturity between 2-304 days).

As of December 31, 2020, other item contains credit card receivables amounting to TRL79.076 (December 31, 2019 – TRL115.689).

As of December 31, 2020, the Group has designated its bank deposits amounting to TRL633.595, equivalent of thousand USD54.000, thousand EURO20.818 and thousand RUR500.000 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2019 – TRL125.789, equivalent of thousand USD18.992, thousand EURO1.950).

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

	December 31, 2020	December 31, 2019
Short-term Bank Loans (Third Parties)	**2.327.494**	757.458
Current Portion of Bank Loans (Third Parties)	**513.660**	882.925
Current Portion of Issued Debt Instruments (Third Parties)	**30.783**	525.641
Long-term Bank Loans (Third Parties)	**1.816.654**	1.622.498
Long-term Issued Debt Instruments (Third Parties)	**7.105.561**	6.315.468
	11.794.152	10.103.990

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

a) Bank Loans, issued debt instruments and other borrowings (continued)

As of December 31, 2020, total borrowings consist of principal (finance lease obligations included) amounting to TRL11.691.692 (December 31, 2019– TRL10.020.683) and interest expense accrual amounting to TRL102.458 (December 31, 2019 – TRL83.307). As of December 31, 2020 and December 31, 2019, total amount of borrowings and the effective interest rates are as follows:

	December 31, 2020			December 31, 2019		
	Amount	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	**1.355.907**	**%11,81**	**-**	5.415	-	-
Foreign currency denominated borrowings (USD)	**340**	**%3,00**	**-**	108.771	-	Libor + %1,75
Foreign currency denominated borrowings (EURO)	**225.644**	**%1,35**	**-**	146.326	%1,75	-
Foreign currency denominated borrowings (Other)	**745.603**	**%7,13**	**Kibor + %0,22**	496.946	%12,32	Kibor + %0,32
	2.327.494			757.458		
Short-term portion of long term borrowings						
TRL denominated borrowings	**34.333**	**%11,72**	**-**	9.448	%11,79	-
Foreign currency denominated borrowings (USD)	**38.458**	**%4,07**	**Libor+%2,50**	925.150	%3,79	Libor + %1,52
Foreign currency denominated borrowings (EURO)	**134.891**	**-**	**Euribor + %2,16**	330.591	%1,40	Euribor + %1,75
Foreign currency denominated borrowings (Other)	**336.761**	**%7,07**	**-**	143.377	%7,53	-
	544.443			1.408.566		
Total	**2.871.937**			2.166.024		
Long-term Borrowings						
TRL denominated borrowings	**889.000**	**%11,71**	**-**	889.000	%11,92	-
Foreign currency denominated borrowings (USD)	**7.131.987**	**%3,82**	**Libor+%2,50**	5.760.913	%3,82	Libor + %2,50
Foreign currency denominated borrowings (EURO)	**487.741**	**-**	**Euribor + %2,27**	789.084	%1,50	Euribor + %2,24
Foreign currency denominated borrowings (Other)	**413.487**	**%6,87**	**-**	498.969	%7,85	-
Total	**8.922.215**			7.937.966		
Grand Total	**11.794.152**			10.103.990		

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, 2020	December 31, 2019
Between1-2 years	**4.488.409**	678.945
Between 2-3 years	**1.116.455**	3.642.786
Between 3-4 years	**3.317.351**	837.624
Between 4-5 years	**-**	2.778.611
	8.922.215	7.937.966

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

	2020	2019
Balance at January 1	**10.103.990**	9.228.680
Proceeds from borrowings	**5.493.058**	2.427.127
Repayments of borrowings	**(5.818.335)**	(2.662.159)
Interest and borrowing expense (Note 28)	**608.109**	537.810
Interest paid	**(634.372)**	(531.131)
Classification of financial leasing item under TFRS 16	**-**	(4.135)
Foreign exchange gain/loss	**2.003.373**	734.889
Currency translation differences	**38.329**	372.909
Balance at December 31	**11.794.152**	10.103.990

As of December 31, 2020, net interest on cross currency swap contracts of CCİ is TRL51.650 (December 31, 2019 – TRL41.150).

b) Lease Liabilities

	December 31, 2020	December 31, 2019
Short term Lease Liabilities (Third Parties)	**193**	-
Current Portion of Lease Liabilities (Third Parties)	**112.362**	130.523
Long term Lease Liabilities (Third Parties)	**257.907**	315.528
	370.462	446.051

Repayments of long-term lease liabilities are scheduled as follows:

	31 December 2020	31 December 2019
Between 1-2 years	**57.719**	96.945
Between 2-3 years	**20.152**	49.339
Between 3-4 years	**10.919**	8.115
Between 4-5 years	**21.655**	15.608
5 years and more	**147.462**	145.521
	257.907	315.528

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

b) Lease Liabilities (continued)

The movement of lease liabilities as of December 31,2020 is as follows:

	2020	2019
Balance at January 1	**446.051**	315.762
Additions	**65.826**	190.076
Repayments	**(191.541)**	(136.284)
Disposals	**(35.406)**	(4.240)
Interest expense	**51.276**	51.188
Gain arising from the termination of lease agreements	**-**	(165)
Financial lease obligations classified under TFRS 16	**-**	3.016
Foreign exchange gain/loss	**6.107**	828
Currency translation differences	**28.149**	25.870
Balance at December 31	**370.462**	446.051

NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

Soft Drink Operations

As of December 31, 2020, Soft Drink Operations have a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Soft Drink Operations have purchased option amounting to USD 150 million with a nominal amount of TRL 1.101 million on September 19, 2020 for hedging the foreign exchange exposure with those two cross currency participation swaps

b) Currency option contracts

Beer Operations

As of December 31, 2020, the Beer Operations have 6 currency option contracts with a total nominal amount of TRL136.460 (31 December 2019 – TRL273.249).

Soft Drink Operations

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

c) Interest rate swaps

Beer Operations

As of December 31, 2020, Beer Operations have no interest rate swap agreement. (31 December 2019 – Beer Operations has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to TRL255.429 which is equivalent of 43 million USD with maturity of 6 January of 2020)

d) Commodity swap contracts

Soft Drink Operations

As of December 31, 2020, Soft Drink Operations have 11 sugar swap transactions with a total nominal amount of TRL5.523 for 2.200 tonnes. The total of these sugar swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to sugar price risk for the 2020 and 2021. (December 31, 2019 – TRL4.545).

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

NOTE 8. DERIVATIVE INSTRUMENTS (continued)

d) Commodity swap contracts (continued)

Beer Operations

As of December 31, 2020, Beer Operations have 90 commodity swap and 1 commodity option contracts with a total nominal amount of TRL346.588 for 20.661 tonnes of aluminium, 17.131 tonnes of plastic. 5.449 tonnes of aluminium and 633 tonnes of plastic commodity swap and option contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to can and plastic price risk (December 31, 2019– TRL44.825).

e) Currency forwards

Soft Drink Operations

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

Beer Operations

As of December 31, 2020, Beer Operations have FX forward transactions with a total nominal amount of TRL2.696.376, for forward contracts amounting to USD153 million and EURO175 million. The total of these FX forward contracts are designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of raw material, trade goods and operational expenses, exposed to foreign currency risk (December 31, 2019– None).

f) Swap contracts

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

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, 2020		December 31, 2019	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Currency option contracts	**136.460**	**(4.517)**	415.814	(7.099)
Cross currency participation swaps	**1.101.075**	**(213.420)**	-	-
Interest rate swaps	**-**	**-**	255.429	4
Commodity swap contracts	**526.305**	**83.807**	49.370	931
Currency forwards	**2.696.376**	**43.984**	134.068	(3.704)
Cross currency swaps	**225.523**	**(58.166)**	-	-
	4.685.739	**(148.312)**	854.681	(9.868)

NOTE 9. FINANCIAL INVESTMENTS

	December 31, 2020	December 31, 2019
Time deposits with maturity more than three months	**23.164**	382.542
Expected credit loss (-)	**-**	(2.262)
	23.164	380.280

As of December 31, 2020, time deposits with maturities over 3 months made for between 1- 174 days are denominated in USD interest rate is 1,00% and 2,50%, (December 31, 2019 – TRY 11,40%, USD 0,80%- 3,00% and KZT 10,00%; remaining maturities TRY 148 days, USD and KZT between 32-91 days).

NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	December 31, 2020	December 31, 2019
Short term trade receivables from third parties	**2.485.822**	2.519.752
Long term trade receivables from third parties	**1.792**	1.619
Trade receivables from related parties (Note 32)	**322.831**	290.784
Notes and cheques receivables	**26.397**	32.404
Expected credit loss (-)	**(147.667)**	(115.739)
	2.689.175	2.728.820

The movement of provision for doubtful receivables as of December 31, 2020 and 2019 is as follows:

	2020	2019
Balance at January 1	**115.739**	98.374
Current year provision	**44.367**	23.137
Provisions no longer required	**(7.018)**	(11.621)
Write-offs from expected credit loss	**(12.974)**	(6.522)
Currency translation differences	**7.553**	12.371
Balance at December 31	**147.667**	115.739

b) Trade Payables

	December 31, 2020	December 31, 2019
Short term trade payables to third parties	**5.550.191**	4.811.815
Long term trade payables to third parties	**49.528**	71.923
Trade payables to related parties (Note 32)	**569.046**	486.304
	6.168.765	5.370.042

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	December 31, 2020	December 31, 2019
Receivables from related parties (Note 32)	**104.183**	75.375
Receivables from tax office	**16.958**	14.675
Due from personnel	**15.436**	16.789
Deposits and guarantees given	**4.083**	2.114
Sublease receivables from related parties (Note 32) (1)	**11.188**	27.303
Other	**10.682**	29.399
	162.530	165.655

(1) 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 11. OTHER RECEIVABLES AND PAYABLES (continued)

b) Other Non-Current Receivables

	December 31, 2020	December 31, 2019
Deposits and guarantees given	**42.622**	51.850
Sublease receivables from related parties (Note 32) (1)	**19.266**	21.394
Other	**5.641**	3.410
	67.529	76.654

c) Other Current Payables

		Restated (Note 2)
	December 31, 2020	December 31, 2019
Taxes other than income taxes	**1.154.710**	1.095.671
Deposits and guarantees taken	**513.243**	437.508
Dividends payable	**619.997**	2.031
Other	**17.535**	14.818
	2.305.485	1.550.028

d) Other Non-Current Payables

		Restated (Note 2)
	December 31, 2020	December 31, 2019
Deposits and guarantees taken	**4.417**	18.435
Other non-current payables	**-**	1.865
	4.417	20.300

(1) 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, 2020	December 31, 2019
Finished and trade goods	**880.709**	645.465
Raw materials	**1.071.213**	920.957
Work-in-process	**220.607**	193.898
Packaging materials	**181.006**	174.795
Supplies	**210.477**	167.301
Bottles and cases	**187.102**	183.087
Other	**43.702**	62.273
Reserve for obsolescence (-)	**(86.069)**	(90.283)
	2.708.747	2.257.493

The movement of reserve for obsolescence as of December 31, 2020 and 2019 is as follows:

	2020	2019
Balance at January 1	**90.283**	47.574
Current year provision (Note 26)	**35.481**	44.240
Provisions no longer required (Note 26)	**(20.516)**	(11.511)
Inventories written-off	**(24.886)**	(4.226)
Currency translation differences	**5.707**	14.206
Balance at December 31	**86.069**	90.283

NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

a) Current Prepaid Expenses

	December 31, 2020	December 31, 2019
Prepaid sales expenses	**364.112**	417.635
Advances given to suppliers	**254.651**	181.900
Prepaid insurance expenses	**16.066**	13.021
Prepaid rent expenses	**9.792**	6.797
Prepaid other expenses	**20.429**	20.593
	665.050	639.946

b) Non- current Prepaid Expenses

	December 31, 2020	December 31, 2019
Prepaid sales expenses	**422.747**	320.448
Prepaid rent expenses	**20.850**	23.329
Advances given to suppliers	**20.437**	10.469
Prepaid other expenses	**20.112**	4.567
	484.146	358.813

c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2020	December 31, 2019
Advances taken	**130.976**	44.010
	130.976	44.010

d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2020	December 31, 2019
Deferred income	**7.531**	2.128
	7.531	2.128

NOTE 14. RIGHT USE OF ASSET

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

Cost	January 1, 2020	Additions	Changes in Leasing	Disposals	Currency translation differences	December 31, 2020
Land	40.525	7.126	544	(7.373)	1.444	42.266
Buildings	235.179	12.952	1.583	(25.362)	26.676	251.028
Machinery and equipment	32.560	30.533	-	(22.160)	310	41.243
Vehicles	135.765	13.154	-	(5.317)	2.931	146.533
Furniture and fixture	5.163	2.160	-	(3.357)	69	4.035
Other	2.881	-	-	-	447	3.328
	452.073	**65.925**	**2.127**	**(63.569)**	**31.877**	**488.433**
Accumulated depreciation(-)						
Land	6.122	2.517	-	(492)	258	8.405
Buildings	21.616	51.190	-	(12.964)	7.139	66.981
Machinery and equipment	9.962	10.725	-	(7.690)	82	13.079
Vehicles	15.685	55.371	-	(3.325)	1.336	69.067
Furniture and fixture	1.722	3.347	-	(3.357)	-	1.712
Other	851	905	-	-	180	1.936
	55.958	**124.055**	**-**	**(27.828)**	**8.995**	**161.180**
Net book value	**396.115**					**327.253**

NOTE 14. RIGHT USE OF ASSET (continued)

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

Cost	January 1, 2019	Additions	Disposals	Currency translation differences	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
	254.877	**229.502**	**(59.661)**	**27.355**	**452.073**
Accumulated depreciation(-)					
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
	-	**96.864**	**(44.868)**	**3.962**	**55.958**
Net book value	**254.877**				**396.115**

NOT 15. INVESTMENT PROPERTIES

For the years ended December 31, 2020 and 2019, movement on investment properties are as follows:

Cost	January 1, 2020	Additions	Disposals	Currency translation differences	Transfers	(Impairment) / Impairment reversal, net	December 31, 2020
Land	37.817	-	(24.679)	910	(6.827)	(7.221)	-
Buildings	241.545	-	(246.601)	9.173	(2.432)	(1.685)	-
Construction in progress	1.821	-	-	21	-	(1.842)	-
	281.183	**-**	**(271.280)**	**10.104**	**(9.259)**	**(10.748)**	**-**
Accumulated depreciation(-)							
Buildings	**135.959**	3.631	(139.334)	1.679	(1.661)	(274)	-
	135.959	**3.631**	**(139.334)**	**1.679**	**(1.661)**	**(274)**	**-**
Net book value	**145.224**						**-**

Cost	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	(Impairment) / Impairment reversal, net	December 31, 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
	215.210	**-**	**-**	**57.903**	**8.070**	**-**	**281.183**
Accumulated depreciation(-)							
Buildings	**101.848**	**4.936**	**-**	**27.748**	**1.427**	**-**	**135.959**
	101.848	**4.936**	**-**	**27.748**	**1.427**	**-**	**135.959**
Net book value	**113.362**						**145.224**

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2020 movement on property, plant and equipment are as follows:

Cost	January 1, 2020	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	December 31, 2020
Land and land improvements	**765.882**	**962**	**(17.504)**	**41.627**	**-**	**8.345**	**799.312**
Buildings	**4.075.512**	**3.072**	**(7.749)**	**308.142**	**-**	**103.632**	**4.482.609**
Machinery and equipment	**10.700.717**	**180.596**	**(278.107)**	**869.482**	**-**	**413.278**	**11.885.966**
Vehicles	**269.255**	**8.576**	**(15.473)**	**34.359**	**-**	**16.971**	**313.688**
Other tangibles	**5.632.651**	**539.373**	**(978.691)**	**350.289**	**-**	**329.198**	**5.872.820**
Leasehold improvements	**32.863**	**351**	**(622)**	**(588)**	**-**	**2.416**	**34.420**
Construction in progress	**538.638**	**895.588**	**(2.311)**	**78.150**	**-**	**(904.510)**	**605.555**
	22.015.518	**1.628.518**	**(1.300.457)**	**1.681.461**	**-**	**(30.670)**	**23.994.370**

Accumulated depreciation and impairment (-)	January 1, 2019	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	December 31,2020
Land and land improvements	**115.565**	**13.219**	**(15.904)**	**6.267**	**-**	**(527)**	**118.620**
Buildings	**1.063.806**	**146.803**	**(2.241)**	**80.972**	**12.085**	**(11.089)**	**1.290.336**
Machinery and equipment	**5.292.092**	**854.863**	**(249.103)**	**415.224**	**(19.246)**	**(708)**	**6.293.122**
Vehicles	**155.575**	**30.827**	**(14.079)**	**20.859**	**99**	**(196)**	**193.085**
Other tangibles	**3.319.971**	**798.868**	**(909.320)**	**217.310**	**16.657**	**602**	**3.444.088**
Leasehold improvements	**28.335**	**1.577**	**(622)**	**79**	**-**	**-**	**29.369**
Construction in progress	**33.653**	**-**	**-**	**-**	**31**	**-**	**33.684**
	10.008.997	**1.846.157**	**(1.191.269)**	**740.711**	**9.626**	**(11.918)**	**11.402.304**
Net book value	**12.006.521**						**12.592.066**

(*) There are transfers to other intangible assets amounting to TRL11.977, transfer to investment properties amounting to TRL7.598, transfer to assets held for sale TRL5.187 and transfer from inventories amounting to TRL6.010 in 2020 (Note 15, 17).
(**) Distribution of depreciation expense is disclosed in Note 25.

As of December 31, 2020, there is a pledge on property, plant and equipment of TRL148.321 (December 31, 2019 – TRL123.211) for loans of CCİ. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2019 movement on property, plant and equipment are as follows:

Cost	January 1, 2020	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	December 31, 2020
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**

Accumulated depreciation and impairment (-)	January 1, 2019	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	December 31,2020
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**
Net book value	**10.753.432**						**12.006.521**

(*) As of December 31, 2019 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. (Note 15, 17).
(**) Distribution of depreciation expense is disclosed in Note 25.

NOTE 17. INTANGIBLE ASSETS

a) Other Intangible Assets

For the year ended December 31, 2020 movements of intangible assets are as follows:

Cost	January 1, 2020	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	December 31,2020
Bottling contracts	**9.803.808**	**-**	**-**	**613.993**	**-**	**-**	**10.417.801**
Licence agreements	**5.830.619**	**-**	**-**	**198.182**	**-**	**-**	**6.028.801**
Brands (*)	**868.751**	**-**	**-**	**58.350**	**-**	**-**	**927.101**
Rights	**177.999**	**464**	**(8.164)**	**4.898**	**-**	**59.376**	**234.573**
Construction in progress	**60.186**	**67.744**	**-**	**-**	**-**	**(37.379)**	**90.551**
Other intangible assets	**254.562**	**49.120**	**(1.968)**	**8.527**	**-**	**(10.004)**	**300.237**
	16.995.925	**117.328**	**(10.132)**	**883.950**	**-**	**11.993**	**17.999.064**

Accumulated amortization and impairment (-)	January 1, 2020	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	December 31,2020
Bottling contracts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Licence agreements	**375.059**	**-**	**-**	**11.711**	**-**	**-**	**386.770**
Brands	**125.045**	**-**	**-**	**27.500**	**-**	**-**	**152.545**
Rights	**78.750**	**67.309**	**(7.297)**	**2.796**	**-**	**4.378**	**145.936**
Construction in progress	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other intangible assets	**114.228**	**32.306**	**(1.813)**	**5.778**	**-**	**(4.394)**	**146.105**
	693.082	**99.615**	**(9.110)**	**47.785**	**-**	**(16)**	**831.356**
Net book value	**16.302.843**						**17.167.708**

NOTE 17. INTANGIBLE ASSETS (continued)

a) Other Intangible Assets (continued)

For the year ended December 31, 2019 movements of intangible assets are as follows:

Cost	**January 1, 2019**	**Additions**	**Disposals**	**Currency translation differences**	**(Impairment) / Impairment reversal, net**	**Transfers**	**December 31, 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	
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**

Accumulated amortization and impairment (-)	**January 1, 2019**	**Additions**	**Disposals**	**Currency translation differences**	**Impairment / (Impairment reversal), net**	**Transfers**	**December 31,2019**
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**
Net book value	**14.343.538**						**16.302.843**

NOTE 17. INTANGIBLE ASSETS (continued)

b) Goodwill

For the years ended December 31, 2020 and 2019, movements of the goodwill during the period are as follows:

	2020	2019
At January 1	**3.221.352**	2.612.996
Provision for impairment	**-**	(3.369)
Currency translation differences	**77.898**	611.725
At December 31	**3.299.250**	3.221.352

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

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2020	**50.099**	**2.246.979**	**1.002.172**	**-**	**3.299.250**
2019	50.099	2.308.731	862.522	-	3.221.352

NOTE 18. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of December 31, 2020 and December 31, 2019 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	December 31, 2020						
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Other Foreign Currency TRL Equivalent**
A. GPMs given on behalf of the Company's legal personality	**322.625**	**143.142**	**181**	**1.359**	**31.385**	**2.809.340**	**28.752**
B. GPMs given in favor of subsidiaries included in full consolidation [(1)]	**1.121.013**	**-**	**4.600**	**53.580**	**1.103.328**	**3.034.852**	**178.801**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Other GPMs	**731.142**	**24.649**	**-**	**78.431**	**-**	**-**	**-**
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 [(2)]	**731.142**	**24.649**	**-**	**78.431**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2.174.780**	**167.791**	**4.781**	**133.369**	**1.134.713**	**5.844.193**	**207.553**
Ratio of other GPMs over the Company's equity (%)	**2,9**						

(1) 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.

(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method. The Company has given a Project Completion Guarantee (Guarantee) for Anadolu Etap's payment obligations according to the loan agreement signed by Anadolu Etap with European Bank For Reconstruction and Development (EBRD) amounting to EURO102,9 million. The guarantee that has been given by Anadolu Efes is limited with Anadolu Efes' share in Anadolu Etap as determined by Article 12 of the Corporate Governance Communiqué.

NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation (continued)

	December 31, 2019						
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**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 (1)	**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(2)	**19.457**	**19.457**	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-
Total	**1.016.154**	**157.561**	**55.179**	**48.437**	**52.216**	**4.043.939**	**40.479**
Ratio of other GPMs over the Company's equity (%)	**0,1**						

(1) 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.

(2) 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, 2020, CCBPL has USD2,8 million and USD 0,8 million sugar purchase commitments to the Banks until the end of June 2021 and September 2021 respectively.

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.

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.

NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

Tax and Legal Matters (continued)

After the withdrawal, Federal tax office in Pakistan requested PKR 3,505 million (equivalent to USD21,9 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, 2019 - PKR 3,505 million, equivalent to USD 22,5 million).

Litigations against the Group

As of December 31, 2020, according to the legal opinion taken by the administration in response to the 38 lawsuits filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL13.300. 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. (December 31, 2019- estimated compensation million TRL 5.948)

CCI and subsidiaries in Turkey are involved on an ongoing basis in 213 litigations arising in the ordinary course of business as of December 31, 2020 with an amount of TRL14.458 (December 31, 2019 – TRL11.532). As of December 31, 2020, no court decision has been granted yet.

As of December 31, 2020, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR5.126, equivalent to USD32.1 (December 31, 2019 - PKR1.478 million, equivalent to USD 9.5 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, 2020 and 2019, employee benefits obligations are as follows:

	December 31, 2020	December 31, 2019
Social security and withholding tax liabilities	**70.799**	52.420
Wages payable	**43.473**	29.535
	114.272	81.955

NOTE 20. CURRENT AND NON-CURRENT PROVISIONS

a) Short Term Provision for Employee Benefits

As of December 31, 2020 and 2019, short term provision for employee benefits are as follows:

	December 31, 2020	December 31, 2019
Management bonus accrual	**52.922**	40.999
Other short-term employee benefits	**47.942**	30.881
Provision for vacation pay liability	**38.604**	43.344
	139.468	115.224

As of December 31, 2020 and 2019, the movement of provision for vacation pay liability is as below:

	2020	2019
Balance at January 1	**43.344**	36.642
Payments and used vacations	**(16.139)**	(13.355)
Current year provision	**9.667**	13.865
Currency translation differences	**1.732**	6.192
	38.604	43.344

As of December 31, 2020 and 2019, the movement of management bonus accruals is as below:

	2020	2019
Balance at January 1	**40.999**	41.728
Payments	**(110.211)**	(116.160)
Current year provision	**120.600**	111.596
Currency translation differences	**1.534**	3.835
	52.922	40.999

b) Long Term Provision for Employee Benefits

	December 31, 2020	December 31, 2019
Employment termination benefits	**217.509**	177.627
Long term incentive plans	**12.858**	10.808
	230.367	188.435

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, 2020 is subject to a ceiling of full TRL7.117 (December 31, 2019 – full TRL6.380) Retirement pay liability ceiling has been increased to full TRL7.639 as of January 1, 2021. In the consolidated financial statements as of December 31, 2020 and 2019, 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 4,15% and 3,01% (December 31, 2019 – 4,21% and 3,80%).

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:

	2020	2019
Balance at January 1	**177.627**	132.887
Payments	**(19.136)**	(21.246)
Interest cost	**2.507**	2.212
Current year provision	**46.534**	51.527
Actuarial loss	**8.621**	11.342
Currency Translation Difference	**1.356**	905
	217.509	177.627

Movement of provision for long-term incentive plan represented in the consolidated financial statements is as follows:

	2020	2019
Balance at January 1	**10.808**	10.288
Payments	**(16.842)**	(12.817)
Interest cost	**353**	337
Current year provision	**18.438**	13.180
Actuarial loss	**101**	(180)
	12.858	10.808

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL9.387 was reflected to other comprehensive income (December 31, 2019 – TRL10.112).

c) Other Current Provision

Movement of provisions for lawsuits and penalties represented in the consolidated financial statements is as follows:

	2020	2019
Balance at January 1	**54.443**	81.511
Payment	**(31.817)**	(2.190)
Current year provision	**12.508**	15.052
Provisions no longer required	**(1.246)**	(55.929)
Currency translation differences	**1.186**	15.999
Balance at December 31	**35.074**	54.443

NOTE 21. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	31 December 2020	31 December 2019
Value Added Tax (VAT) deductible or to be transferred	**291.337**	281.269
Deferred VAT and other taxes	**66.464**	146.974
Restricted cash	**34.423**	12.619
Other	**65.498**	25.047
	457.722	465.909

NOTE 21. OTHER ASSETS AND LIABILITIES (continued)

b) Other Non-Current Assets

	31 December 2020	31 December 2019
Deferred VAT and other taxes	**669**	739
Other	**152**	5.374
	821	6.113

b) Other Current and Non-Current Liabilities

As of December 31, 2020 and 2019, other current liabilities are as follows:

	31 December 2020	31 December 2019
Put option liability	**331.285**	14.019
Deferred VAT and other taxes	**68.025**	148.153
Other	**108.714**	50.950
	508.024	213.122

As of December 31, 2020 and 2019, other non- current liabilities are as follows:

	31 December 2020	31 December 2019
Put option liability	**-**	209.204
Deferred VAT and other taxes	**500**	500
Other	**2.784**	2.055
	3.284	211.759

The obligation of TRL17.324 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. 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, 2019 - TRL 14.019).

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and 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 TRL313.961 and the amount is recorded under "other non-current liabilities" account (December 31, 2019 – TRL209.204).

NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS

a) Issued Capital and Adjustments to Share Capital and Equity Investments

	2020	2019
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, 2020 and 2019 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2020 and 2019, 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.

NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS (continued)

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 TRL1.660.994 as of December 31, 2020.

Dividend distribution of companies has been regulated until 31 December 2020 with the provisional Article 12 of Law on Mitigating of Effects of Coronavirus (Covid-19) Outbreak on Economic and Social Life and the Law on Amendment of Certain Laws (the Law) dated April 17, 2020, and numbered 7244 (Note 15). Within the framework of the limitations on dividend distribution and other relevant legislation, Board of Directors' proposal for dividend distribution dated February 27, 2020 was rejected at the 2019 Ordinary General Assembly and it was decided not to distribute any profit by our shareholders.

Within the framework of the Communiqué published on the Official Gazette dated 17 May 2020 and numbered 31130 by the Ministry of Trade and in accordance with the conformity opinion received from the Ministry of Trade; Extraordinary General Assembly meeting was held on July 9, 2020, General Assembly has approved a cash dividend proposal of gross TRL1,7740 (net TRL1,5079) per each share including redeemed shares with 1 TL nominal value amounting to a total of TRL1.069.641 to be distributed from the released legal reserves, realizing a 177,40% gross dividend distribution for the period January-December 2019. As a result of the decision, Anadolu Efes has distributed dividend amounting to a total of TRL452.377 in the year ended as of December 31, 2020, related with the year ended as of December 31, 2019 (2019, for a gross amount of full TRL0,5068 per share, amounting to a total of TRL300.832).

	31 December 2020			31 December 2019		
	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**	372.939	74.729	447.668
Extraordinary reserves	**241.311**	**25.831**	**26.708**	877	25.831	26.708

NOTE 23. REVENUE 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).

Total Sales	**2020**	2019
Domestic revenues	**8.320.332**	7.609.353
Foreign revenues	**18.422.361**	15.467.211
Revenue	**26.742.693**	23.076.564
Cost of Sales		
Current year purchases and net change in inventory	**(13.408.223)**	(11.609.658)
Depreciation and amortization expense (*)	**(1.240.162)**	(1.000.038)
Personnel expenses	**(831.682)**	(674.438)
Utility expenses	**(597.523)**	(511.806)
Repair and maintenance expenses	**(202.330)**	(153.830)
Provision for retirement pay liability	**(13.576)**	(15.996)
Other	**(505.807)**	(354.477)
Total cost of sales	**(16.799.303)**	(14.320.243)
Gross Profit	**9.943.390**	8.756.321

NOTE 24. OPERATING EXPENSES

a) General and Administrative Expenses

	2020	2019
Personnel expenses	**(946.173)**	(761.912)
Outsource expenses	**(440.190)**	(388.367)
Depreciation and amortization expense (*)	**(215.873)**	(173.477)
Information technology expenses	**(124.957)**	(101.399)
Taxation expenses (except for income tax)	**(39.054)**	(47.881)
Utilities and communication expenses	**(32.188)**	(31.422)
Provision for retirement pay liability	**(29.789)**	(30.990)
Insurance expenses	**(19.414)**	(15.446)
Repair and maintenance expenses	**(18.409)**	(13.516)
Provision for unused vacation	**(3.026)**	(4.698)
Other	**(188.154)**	(201.641)
	(2.057.227)	(1.770.749)

b) Selling, Distribution and Marketing Expenses

	2020	2019
Transportation and distribution expenses	**(1.802.298)**	(1.667.256)
Advertising, selling and marketing expenses	**(1.383.350)**	(1.334.041)
Personnel expenses	**(992.861)**	(854.862)
Depreciation and amortization expenses (*)	**(613.081)**	(564.204)
Repair and maintenance expenses	**(58.566)**	(56.678)
Utilities and communication expenses	**(36.991)**	(41.908)
Provision for retirement pay liability	**(5.676)**	(6.605)
Other	**(317.278)**	(382.999)
	(5.210.101)	(4.908.553)

(*) 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

	2020	2019
Cost of sales	**(1.240.162)**	(1.000.038)
Marketing, selling and distribution expenses	**(613.081)**	(564.204)
General and administration expenses	**(215.873)**	(173.477)
Other expense from operating activities	**(3.933)**	(5.486)
Inventories	**(409)**	5.985
	(2.073.458)	(1.737.220)

b) Personnel Expenses

	2020	2019
General and administration expenses	**(946.173)**	(761.912)
Marketing, selling and distribution expenses	**(992.861)**	(854.862)
Cost of sales	**(831.682)**	(674.438)
	(2.770.716)	(2.291.212)

NOTE 26. OTHER INCOME / EXPENSES FROM OPERATING ACTIVITIES

a) Other Income from Operating Activities

		Restated (Note 2)
	2020	2019
Foreign exchange gains arising from operating activities	**365.452**	154.655
Income from scrap and other materials	**44.069**	33.879
Rent income	**36.564**	33.169
Reversal of provision for inventory obsolescence	**20.516**	11.511
Insurance compensation income	**9.824**	6.219
Reversal of provision for expected credit loss	**7.018**	11.621
Rediscount income	**1.629**	8.030
Other	**374.024**	367.814
	859.096	626.898

b) Other Expense from Operating Activities

	2020	2019
Foreign exchange losses arising from operating activities	**(601.864)**	(146.109)
Provision for expected credit loss	**(44.367)**	(23.136)
Provision for inventory obsolescence	**(35.481)**	(44.240)
Donations	**(12.057)**	(4.072)
Depreciation and amortization expense on PPE & intangible assets	**(3.933)**	(5.486)
Rediscount expense	**(1.610)**	(5.262)
Administrative fines(*)	**(1.279)**	(71.327)
Other	**(117.368)**	(158.127)
	(817.959)	(457.759)

(*) As of December 31, 2019, amounting TRL 70.214 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

	2020	2019
Transfer of currency translation differences previously accounted as other comprehensive income	**279.929**	467.516
Gain on sale of fixed assets	**186.083**	374.030
Provision for impairment on PPE no longer required (Note 16)	**8.483**	-
Gain on put option revaluation	**-**	14.384
Other	**-**	53.614
	474.495	909.544

b) Investment activity expense

	2020	Restated (Note 2) 2019
Loss on sale of PPE	**(69.998)**	(96.436)
Loss on sale of put option valuation	**(55.441)**	-
Provision for impairment on PPE (Note 16)	**(18.109)**	(36.864)
Provision for impairment on investment properties (Note 15)	**(10.474)**	-
Loss on sale of intangible assets	**(1.023)**	(14.496)
Provision for impairment on intangible assets (Note 17)	**-**	(64.407)
Provision for impairment goodwill (Note 17)	**-**	(3.369)
Other	**(3.372)**	(6.385)
	(158.417)	(221.957)

NOTE 28. FINANCE INCOME / EXPENSE

a) Finance Income

	2020	2019
Foreign exchange gain	**1.773.710**	796.435
Interest income	**269.609**	265.247
Gain on derivative transactions	**204.494**	24.772
Interest income from sub-lease receivables	**7.252**	10.220
Gain arising from the termination of lease agreements	**1.095**	165
Other	**2.262**	-
	2.258.422	1.096.839

b) Finance Expense

	2020	2019
Foreign exchange loss	**(1.815.532)**	(937.721)
Interest and borrowing expense	**(608.109)**	(537.810)
Loss on derivative transactions	**(434.087)**	(320.241)
Interest expenses related to leases	**(51.276)**	(51.188)
Other	**(66.741)**	(102.030)
	(2.975.745)	(1.948.990)

NOTE 29. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 22% in Turkey (31 December 2019 - 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% (2019 – 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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 income tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. 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%.

Companies located in Turkey has used 20% tax rate for deferred tax calculation which effective as of January 1, 2021. As of December 31, 2019; transactions of timing differences until 2020 has been calculated with 22% deferred tax rate and for those extending to 2021 and beyond, deferred tax assets and liabilities are calculated with the rate of 20%.

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 liabilites as of December 31, 2020 and 2019 are as follows:

	2020	2019
Prepaid corporate tax	**289.661**	229.259
Provision for corporate tax	**127.950**	29.714

The main components of tax income and expenses as of December 31, 2020 and 2019 are as follows:

		Restated (Note 2)
	2020	2019
Current period tax expense	**(610.283)**	(411.564)
Deferred tax income / (expense), net	**207**	(240.709)
	(610.076)	(652.273)

As of December 31, 2020 and 2019, 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:

		Restated (Note 2)
	2020	2019
Consolidated profit before tax	**2.066.950**	1.957.862
Effect of associate income net off tax	**249.004**	123.732
Consolidated profit before tax (excluding effect of associate income net off tax)	**2.315.954**	2.081.594
Enacted tax rate	**22%**	22%
Tax calculated at the parent company tax rate	**(509.510)**	(457.951)
Tax effect of non-deductible expenses	**(46.781)**	(96.449)
Tax effect of impairment for goodwill	**-**	(674)
Tax effect of income excluded from tax bases	**21.639**	47.620
Effect of different tax rates	**(3.355)**	4.502
Deffered tax effect of translation on non-monetary items	**(18.764)**	(12.413)
Cancellation of deferred tax calculated in previous periods	**(75.529)**	(122.593)
Effect of change in legal tax rate on deferred tax	**(10.433)**	-
Other	**32.693**	(14.315)
	(610.040)	(652.273)

NOTE 29. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2020 and December 31, 2019 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

		Restated (Note 2)
	31 December 2020	31 December 2019
Deferred tax assets	**942.314**	636.111
Deferred tax liabilities	**(3.257.472)**	(3.073.271)
	(2.315.158)	(2.437.160)

As of December 31, 2020 and 2019 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		**Liability**		**Net**	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
PP&E and intangible assets	**-**	-	**(3.658.030)**	(3.554.745)	**(3.658.030)**	(3.554.745)
Inventories	**25.548**	18.738	**-**	-	**25.548**	18.738
Carry forward losses	**821.268**	798.245	**-**	-	**821.268**	798.245
Retirement pay liability and other employee benefits	**52.813**	48.089	**-**	-	**52.813**	48.089
Other provisions and accruals	**329.588**	194.829	**-**	-	**329.588**	194.829
Unused investment discounts	**89.705**	72.855	**-**	-	**89.705**	72.855
Derivative financial instruments	**23.950**	-	**-**	(15.171)	**23.950**	(15.171)
	1.342.872	1.132.756	**(3.658.030)**	(3.569.916)	**(2.315.158)**	(2.437.160)

As of December 31, 2020 and 2019, the movement of deferred tax liability is as follows:

		Restated (Note 2)
	2020	2019
Balance at January 1	**(2.437.160)**	(2.121.022)
Recorded to the consolidated income statement	**207**	(118.116)
Recognized in other comprehensive income	**269.782**	145.759
Unused provisions	**-**	(122.593)
Currency translation adjustment	**(147.987)**	(221.188)
Balance at December 31	**(2.315.158)**	(2.437.160)

As a result of the Group management's assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2025, deferred tax asset amounting to TRL821.268 has been recognized. Carried forward tax losses of JSC AB Inbev Efes, and PJSC AB Inbev Efes Ukraine according to local tax regulations can be carried forward with an indefinite life.

As of December 31, 2020, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir, Isparta and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL293.938 (December 31, 2019 - TRL 259.308) with a total tax advantage of TRL89.705 (December 31 - 2019, TRL72.855). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL3.716 (December 31, 2019 - TRL 2.392).

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:

	31 December 2020	31 December 2019
Weighted average number of shares (full value)	**592.105.263**	592.105.263
Net income/ (loss) for the owners of parent	**814.759**	1.034.162
Earnings/ (losses) per share (full TRL)	**1,3760**	1,7466
Net income/ (loss) for the owners of parent	**814.759**	1.034.162
Net income/ (loss) from discontinued operations	**(3.964)**	3.006
Net income/ (loss) from continuing operations	**818.723**	1.031.156
Earning/ (losses) from continuing operations (full TRL)	**1,3827**	1,7415
Net income/ (loss) from discontinued operations	**(3.964)**	3.006
Earning/ (losses) from discontinued operations (full TRL)	**(0,0067)**	0,0051

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

a) Assets Held for Sale

The Group has classified its facilities accounted under "Property, Plant and Equipment" whose net book value is TRL 15.095 to "Non-Current Assets Held for Sale" in 2020.

b) Discontinued Operations

Agreement has been reached between The Coca-Cola Company and CCI on the preliminary discussions to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, CCI sales and distribution activities of Doğadan brand terminated as of 30 April 2020.

In the consolidated financial statements as of December 31, 2020 and in order to be consistent to be with current year's presentation consolidated income statement as of December 31, 2019, Doğadan is classified as non-current assets held for sale in accordance with TFRS 5.

	2020	2019
Revenue	**60.618**	237.247
Cost of Sales	**(63.274)**	(211.598)
Sales, Distribution and Marketing Expenses	**(1.054)**	(21.819)
Profit (Loss) from Discontinued Operations Before Tax	**(3.710)**	3.830
Tax (Expense) / Income from Discontinued Operations	**(254)**	(824)
Profit / (Loss) from Discontinued Operations	**(3.964)**	3.006

NOTE 32. RELATED PARTY BALANCES AND TRANSACTIONS

a) Related Parties Balances

Due from Related Parties

	December 31, 2020	December 31, 2019
Migros Group Companies (2)	**241.021**	230.936
AB InBev Group Companies (3)	**174.757**	125.960
AG Anadolu Grubu Holding A.Ş. (1) (*)	**32.909**	48.697
Other	**8.781**	9.263
	457.468	414.856

Due to Related Parties

	December 31, 2020	December 31, 2019
AB InBev Group Companies (3)	**557.589**	473.482
Oyex Handels GmbH (2)	**10.687**	8.277
Other	**770**	4.545
	569.046	486.304

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(*) According to TFRS 16, there are TRL1.417 short term and TRL27.068 long term sub-lease receivables totaling TRL28.485.

b) Related Parties Transactions

Purchases of Goods, Services and Donations

	Nature of transaction	**2020**	2019
Ab InBev Group Companies (3)	Service and Purchase of Trade Goods	**183.738**	162.712
Anadolu Efes Spor Kulübü	Service	**103.500**	110.750
Oyex Handels GmbH (2)	Purchase of Materials and Fixed Assets	**50.765**	44.605
AG Anadolu Grubu Holding A.Ş. (1)	Consultancy Service	**44.571**	46.756
Çelik Motor Ticaret A.Ş. (2)	Vehicle Leasing	**904**	5.151
Efestur Turizm İşletmeleri A.Ş. (2)	Travel and Accommodation	**4.837**	14.893
Anadolu Bilişim Hizmetleri A.Ş. (2)	Information Service	**-**	1.728
Other		**6.347**	18.535
		394.662	405.130

NOTE 32. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Finance Income and Expense

	Nature of transaction	2020	2019
Brandbev SARL [3]	Interest expense	**-**	(35.625)
AG Anadolu Grubu Holding A.Ş. [1]	Interest income from subleases	**7.252**	10.166
Çelik Motor Ticaret A.Ş. [2]	Interest expense from leases	**(277)**	(806)
		6.975	(26.265)

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2020	2019
Migros Group Companies [2]	Sales Income	**808.764**	788.096
Ab Inbev Group Companies [3]	Other Income	**73.846**	54.560
Other	Other Income	**168**	2.439
		882.778	845.095

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)

Director's remuneration

As of December 31, 2020 and 2019, total benefits to Anadolu Efes Board of Directors, remuneration and similar benefits received by total executive members of the Board of Directors and executive directors are as follows:

	2020		2019	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**547**	**72.658**	484	45.383
Other long-term benefits	-	**6.630**	-	5.052
	547	**79.288**	484	50.435

NOTE 33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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. As of December 31, 2020 there is no outstanding IRS agreement. (December 31, 2019 – 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:

	2020	2019
Financial instruments with fixed interest rate		
Financial assets	**-**	-
Financial assets at fair value through profit or loss	**7.583.770**	5.463.709
Financial liabilities	**(10.913.433)**	(9.032.725)
Financial instruments with floating interest rate		
Financial liabilities	**(880.719)**	(1.071.265)

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

	2020	2019
Change in EURO denominated borrowing interest rate	**1.547**	715
Change in USD denominated borrowing interest rate	**84**	1.472
Change in Other denominated borrowing interest rate	**348**	672
Total	**1.979**	2.859

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 33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2020 and 2019 are presented below:

Foreign Currency Position Table
December 31, 2020

	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	292.204	28.889	212.063	8.224	74.085	6.056
2a. Monetary Financial Assets (Cash and cash equivalents included)	3.515.804	440.604	3.234.251	25.298	227.882	53.671
2b. Non- monetary Financial Assets	181	-	-	20	181	-
3. Other Current Assets and Receivables	5.255	9	63	571	5.144	48
4. Current Assets (1+2+3)	**3.813.444**	**469.502**	**3.446.377**	**34.113**	**307.292**	**59.775**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.804	479	3.516	32	288	-
8. Non-Current Assets (5+6+7)	3.804	**479**	**3.516**	**32**	**288**	**-**
9. Total Assets (4+8)	**3.817.248**	**469.981**	**3.449.893**	**34.145**	**307.580**	**59.775**
10.Trade Payables and Due to Related Parties	(1.330.728)	(92.699)	(680.457)	(65.953)	(594.099)	(56.172)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(444.843)	(10.120)	(74.286)	(41.136)	(370.549)	(8)
12a. Monetary Other Liabilities	(2.397)	(233)	(1.712)	(76)	(685)	-
12b. Non-monetary Other Liabilities	(331.285)	(45.131)	(331.285)	-	-	-
13. Current Liabilities (10+11+12)	**(2.109.253)**	**(148.183)**	**(1.087.740)**	**(107.165)**	**(965.333)**	**(56.180)**
14. Trade Payables and Due to Related Parties	(45)	-	-	(5)	(45)	-
15. Long-Term Borrowings	(7.644.067)	(972.285)	(7.137.060)	(56.280)	(506.965)	(42)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(7.644.114)**	**(972.285)**	**(7.137.062)**	**(56.285)**	**(507.010)**	**(42)**
18. Total Liabilities (13+17)	**(9.753.367)**	**(1.120.468)**	**(8.224.802)**	**(163.450)**	**(1.472.343)**	**(56.222)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**6.014.248**	**819.324**	**6.014.248**	**-**	**-**	**-**
19a. Total Hedged Assets (*)	**6.014.248**	**819.324**	**6.014.248**	**-**	**-**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**78.129**	**168.837**	**1.239.339**	**(129.305)**	**(1.164.763)**	**3.553**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(5.614.072)**	**(605.844)**	**(4.447.201)**	**(129.928)**	**(1.170.376)**	**3.505**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(162.392)**	**(31.131)**	**(228.515)**	**7.341**	**66.123**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

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	-
4. Current Assets (1+2+3)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
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)	-	-	-
13. Current Liabilities (10+11+12)	**(2.324.814)**	**(238.332)**	**(1.415.739)**	**(129.750)**	**(862.918)**	**(46.157)**
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)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6.793.420)**	**(1.007.157)**	**(5.982.719)**	**(121.892)**	**(810.655)**	**(46)**
18. Total Liabilities (13+17)	**(9.118.234)**	**(1.245.489)**	**(7.398.458)**	**(251.642)**	**(1.673.573)**	**(46.203)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19a. Total Hedged Assets (*)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(1.866.196)**	**(112.119)**	**(666.012)**	**(178.181)**	**(1.185.015)**	**(15.169)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(7.011.327)**	**(915.467)**	**(5.438.056)**	**(234.280)**	**(1.558.102)**	**(15.169)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	(3.708)	**(573)**	**(3.403)**	**-**	**-**	**(305)**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

(*) 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.

NOTE 33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2020 and 2019 is as follows:

	2020	2019
Total Export	**722.545**	600.638
Total Import	**5.272.337**	4.242.289

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2020 and 2019:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2020(*)		December 31,2019(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	**(444.720)**	**444.720**	(543.806)	543.806
USD denominated hedging instruments (-)	**601.425**	**(601.425)**	464.095	(464.095)
Net effect in USD	**156.705**	**(156.705)**	(79.711)	79.711
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(117.038)**	**117.038**	(155.810)	155.810
EURO denominated hedging instruments (-)	**-**	**-**	33.253	(33.253)
Net effect in EURO	**(117.038)**	**117.038**	(122.557)	122.557
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**350**	**(350)**	(1.517)	1.517
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**350**	**(350)**	(1.517)	1.517
TOTAL	**40.017**	**(40.017)**	(203.785)	203.785

(*) 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 loans amounting to 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 the other EURO50 million in October 2020 therefore, there is no hedging instrument in EURO currency as of 31 December 2020.

As of April 1, 2018, CCİ designated USD 319 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 TRL1.283.115 (TRL1.026.492 - including deferred tax effect) is recognized as " Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (December 31, 2019 - TRL572.837 (TRL446.813 - including deferred tax effect)).

NOTE 33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (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 2020 and 2019 in the statement of financial position is as follows:

2020 **Contractual maturities**	**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)**
Financial liabilities	**11.794.152**	**13.165.507**	**1.446.490**	**1.882.275**	**9.836.743**	**-**
Financial leasing borrowings	**370.462**	**407.513**	**21.689**	**52.765**	**182.936**	**150.124**
Trade payable and due to related parties	**6.168.765**	**6.168.765**	**5.230.872**	**888.365**	**49.474**	**54**
Liability for put option	**331.285**	**331.285**	**-**	**331.285**	**-**	**-**
Employee Benefit Obligations	**113.117**	**113.118**	**113.118**	**-**	**-**	**-**
Total	**18.777.781**	**20.186.188**	**6.812.169**	**3.154.690**	**10.069.152**	**150.178**

2019 Contractual maturities	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)
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	5.370.042	5.370.042	4.223.292	1.074.827	66.233	5.690
Liability for put option	223.223	223.223	-	14.019	209.204	-
Employee Benefit Obligations	81.955	81.955	81.955	-	-	-
Total	16.225.261	18.277.734	5.538.231	2.745.321	9.569.330	424.852

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.

NOTE 33. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

f) Credit Risk (continued)

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2020 and 2019 are disclosed as below:

	Receivables					
	Trade Receivables		Other Receivables			
Current Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	322.831	2.366.344	134.637	95.422	8.449.028	143.388
- Maximum credit risk secured by guarantees	225.386	847.277	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	314.941	1.917.124	134.637	95.422	8.449.028	143.388
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	7.890	458.763	-	-	-	-
- Under guarantee, securities and credit insurance	-	18.659	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(9.543)	-	-	-	-
- past due (gross carrying value)	-	138.285	-	-	-	-
- impaired (-)	-	(147.828)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	(9.543)	-	-	-	-
- 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	-	-	-	-	-	-

Current Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	**411.143**	-	-	-
Past due between 1-3 months	**35.716**	-	-	-
Past due between 3-12 months	**3.842**	-	-	-
Past due for more than 1 year	**15.952**	-	-	-

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	290.784	2.438.036	124.072	118.237	6.047.214	3.492
- Maximum credit risk secured by guarantees	184.614	1.160.129	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	284.757	2.329.579	124.072	102.342	6.047.214	3.492
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	6.027	110.208	-	15.895	-	-
- Under guarantee, securities and credit insurance	-	47.494	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(1.751)	-	-	-	-
- past due (gross carrying value)	-	114.132	-	-	-	-
- impaired (-)	-	(115.883)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	(1.751)	-	-	-	-
- 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	82.923	-	-	-
Past due between 1-3 months	14.272	-	-	-
Past due between 3-12 months	3.726	-	-	-
Past due for more than 1 year	15.314	-	-	-

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 and deposits over three months from total borrowing.

NOTE 34. 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**.**

Current Year	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value			
Derivative financial instruments (Note 8)	**-**	**6.697**	**-**
Financial liabilities at fair value			
Derivative financial instruments (Note 8)	**-**	**(291.700)**	**-**
Put option liabilities (Note 21)	**17.324**	**-**	**313.961**

Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value	-	-	-
Derivative financial instruments (Note 8)	-		-
Financial liabilities at fair value	-	-	-
Derivative financial instruments (Note 8)	-	(9.868)	-
Put option liabilities (Note 21)	14.019	-	209.204

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

NOTE 35. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	2020	2019
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10, 26)	**37.349**	11.516
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 16)	**9.626**	36.864
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12, 26)	**14.965**	32.729
Adjustments for impairment loss (reversal of impairment) of investment properties (Note 15)	**10.474**	-
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 17)	**-**	67.776
	72.414	148.885

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2020	2019
Provision for vacation pay liability (Note 20)	**9.667**	13.865
Provision for retirement pay liability (Note 20)	**49.041**	53.739
Provision for long term incentive plans (Note 20)	**18.791**	13.517
	77.499	81.121

c) Adjustments for Interest (Income) Expenses

	2020	2019
Adjustments for interest income (Note 28)	**(270.615)**	(265.247)
Adjustments for interest expenses (Note 28)	**608.109**	538.744
Adjustments for interest income income sub-lease receivables (Note 28)	**(7.252)**	(10.220)
Adjustments for interest income expense related to leases (Note 28)	**51.276**	51.188
	381.518	314.465

d) Cash Flows From (used in) Financing Activities

	2020	2019
Income / (loss) from cash flow hedge	**12.540**	(37.463)
Change in time deposits with maturity more than three months	**359.376**	(356.855)
	371.916	(394.318)

e) Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments

	2020	2019
Adjustments for fair value (gains) losses on derivative financial instruments	**(41.109)**	48.594
Put option revaluation	**55.441**	(14.384)
	14.332	34.210

NOTE 36. EVENTS AFTER REPORTING PERIOD

a) Within the framework of the Communiqué published on the Official Gazette dated 17 May 2020 and numbered 31130 by the Ministry of Trade and in accordance with the conformity opinion received from the Ministry of Trade; Extraordinary General Assembly meeting was held on July 9, 2020, General Assembly has approved a cash dividend proposal of gross TRL1,7740 (net TRL1,5079) per each share including redeemed shares with 1 TL nominal value amounting to a total of TRL1.069.641 to be distributed from the released legal reserves, realizing a 177,40% gross dividend distribution for the period January-December 2019. As a result of the decision, Anadolu Efes has distributed dividend amounting to a total of TRL452.377 as of 31 December 2020, related with the year ended as of December 31, 2019. In addition, as of 4^{th} of January remaining dividend amount TRL 617.264 has started to be distributed.

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

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

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

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

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

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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.

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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.

Key Audit Matter	How the matter was addressed in the audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") 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. 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. 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. 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.	The audit procedures applied including but not limited to the following are: • Evaluating the appropriateness of cash generating units determined by Group management, • 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, • Comparing forecasted cash flows for each cash generating unit with its prior year's financial performances, • 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, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions, • Evaluating the appropriateness of related disclosures regarding to Intangible Assets with Indefinite Useful Lives and Goodwill in Notes 17 in accordance with TFRS.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- 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.

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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, 27 February 2020

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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	Notes	Audited December 31, 2019	Restated (Note 2) December 31, 2018
ASSETS			
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*
Current Assets		**12.683.956**	**10.354.695**
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
Non-Current Assets		**33.272.519**	**29.080.495**
TOTAL ASSETS		**45.956.475**	**39.435.190**

	Notes	Audited December 31, 2019	Restated (Note 2) December 31, 2018
LIABILITIES			
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
Current Liabilities		**9.569.615**	**7.905.858**
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
Non-Current Liabilities		**12.213.448**	**10.401.288**
Equity Attributable to Equity Holders of the Parent		**12.970.407**	11.175.082
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)
Non-Controlling Interests	4	**11.203.005**	**9.952.962**
Total Equity		**24.173.412**	**21.128.044**
TOTAL LIABILITIES		**45.956.475**	**39.435.190**

	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)
GROSS PROFIT (LOSS)		**8.781.970**	**6.732.347**
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)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**2.233.745**	**1.362.993**
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)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**2.797.600**	**1.334.698**
Finance Income	28	**1.230.218**	3.093.380
Finance Expenses	28	**(2.082.369)**	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**1.945.449**	**376.058**
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)*
PROFIT/(LOSS)		**1.295.937**	**98.886**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*4*	***274.433***	*110.570*
- Owners of Parent		***1.021.504***	*(11.684)*
Earnings / (Loss) Per Share (Full TRL)	30	**1,7252**	**(0,0197)**

	Notes	Audited Current Period 1 January- 31 December 2019	Restated (Note 2) Previous Period 1 January- 31 December 2018
PROFIT/(LOSS)		**1.295.937**	**98.886**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**(8.251)**	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		**1.861**	(326)
- Deferred Tax Income (Expense)		***1.861***	*(326)*
Other Comprehensive Income that will be Reclassified to Profit or Loss		**2.207.826**	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		**143.898**	221.554
- Deferred Tax Income (Expense)		***143.898***	*221.554*
OTHER COMPREHENSIVE INCOME (LOSS)		**2.199.575**	**2.070.102**
TOTAL COMPREHENSIVE INCOME (LOSS)		**3.495.512**	**2.168.988**
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		***1.399.355***	*1.126.930*
-Owners of Parents		***2.096.157***	*1.042.058*

		Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss: Revaluation and Remeasurement Gain/ (Loss) (**)	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss: Currency Translation Differences	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss: Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Retained Earnings: Prior Years' Profits or Losses	Retained Earnings: Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Restated (Not 2) Previous period (1 January – 31 December 2018)	**Beginning Balances**		592.105	63.583	3.042.134	20.275	(24.467)	2.361.784	28.769	317.921	3.260.176	149.420	9.811.700	5.853.895	15.665.595
	Transfers		-	-	(25.010)	-	-	-	-	25.010	149.420	(149.420)	-	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	1.003	*1.756.374*	(703.635)	-	-	(11.684)	1.042.058	1.126.930	2.168.988
	Profit (Loss)		-	-	-	-	-	-	-	-	-	*(11.684)*	*(11.684)*	*110.570*	*98.886*
	Other Comprehensive Income (Loss)		-	-	-	-	*1.003*	*1.756.374*	*(703.635)*	-	-	-	*1.053.742*	*1.016.360*	*2.070.102*
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-	-	-	-	586.736	-	586.736	(823.189)	(236.453)
	Dividends	22	-	-	(251.910)	-	-	-	-	-	-	-	(251.910)	*(130.654)*	*(382.564)*
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-	-	-	-	-	-	-	*3.903.478*	*3.903.478*
	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	42.890	42.890
	Increase (Decrease) from Other Changes (*)		-	-	-	(13.502)	-	-	-	-	-	-	(13.502)	*(20.388)*	(33.890)
	Ending Balances		592.105	63.583	2.765.214	6.773	(23.464)	4.118.158	(674.866)	342.931	3.996.332	(11.684)	11.175.082	9.952.962	21.128.044
Current Period (1 January – 31 December 2019)	**Beginning Balances**		**592.105**	**63.583**	**2.765.214**	**6.773**	**(23.464)**	**4.118.158**	**(674.866)**	**342.931**	**3.996.332**	**(11.684)**	**11.175.082**	**9.952.962**	**21.128.044**
	Transfers		**-**	**-**	**(30.008)**	**-**	**-**	**-**	**-**	**30.008**	**(11.684)**	**11.684**	**-**	**-**	**-**
	Total Comprehensive Income (Loss)		**-**	**-**	**-**	**-**	**(4.514)**	**1.594.256**	**(515.089)**	**-**	**-**	**1.021.504**	**2.096.157**	**1.399.355**	**3.495.512**
	Profit (Loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***1.021.504***	***1.021.504***	***274.433***	***1.295.937***
	Other Comprehensive Income (Loss)		**-**	**-**	**-**	**-**	***(4.514)***	***1.594.256***	***(515.089)***	**-**	**-**	**-**	***1.074.653***	***1.124.922***	***2.199.575***
	Dividends	22	**-**	**-**	**(300.832)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300.832)**	**(149.312)**	**(450.144)**
	Ending Balances		**592.105**	**63.583**	**2.434.374**	**6.773**	**(27.978)**	**5.712.414**	**(1.189.955)**	**372.939**	**3.984.648**	**1.021.504**	**12.970.407**	**11.203.005**	**24.173.412**

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

	Notes	Audited 1 January- December 31, 2019	Restated 1 January- December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**4.157.114**	**2.818.246**
Profit/ (Loss) for the Period		**1.295.937**	**98.886**
Adjustments to Reconcile Profit (Loss)		**2.547.813**	**2.808.414**
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
Change in Working Capital		**841.074**	**150.654**
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
Cash Flows from (used in) Operations		**4.684.824**	**3.057.954**
Payments Related with Provisions for Employee Benefits	20	**(47.418)**	(52.701)
Income Taxes (Paid) Return		**(480.292)**	(187.007)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(1.526.174)**	**(1.372.787)**
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
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(1.489.217)**	**(4.115.991)**
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)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**1.141.723**	**(2.670.532)**
Effect Of Currency Translation Differences On Cash And Cash Equivalents		**(101.957)**	**2.027.706**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**1.039.766**	**(642.826)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**4.756.359**	**5.399.185**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**5.796.125**	**4.756.359**

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 17.138 (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
	592.105	**100,00**	592.105	100,00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

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 (6)	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) (1) (2)	Russia	Production and marketing of beer	International Beer	**-**	50,00
JSC AB Inbev Efes (1) (2)	Russia	Production and marketing of beer	International Beer	**50,00**	50,00
PJSC AB Inbev Efes Ukraine (1) (8)	Ukraine	Production and marketing of beer	International Beer	**49,36**	49,30
LLC Vostok Solod (3)	Russia	Production of malt	International Beer	**50,00**	50,00
LLC Bosteels Trade (7)	Russia	Selling and distribution of beer	International Beer	**50,00**	50,00
LLC Inbev Trade (3)	Russia	Production of malt	International Beer	**50,00**	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (1)	Germany	Investment company	International Beer	**50,00**	50,00
Bevmar GmbH (1)	Germany	Investment company	International Beer	**50,00**	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (4)	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) (5)	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, Doğadan and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	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
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al 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

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) (8)	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

(1) Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.
(2) 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.
(3) Subsidiaries of JSC AB Inbev Efes.
(4) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(5) Shares of CCİ are currently traded on BIST.
(6) The company has been sold to third party on 4 June 2019.
(7) The name of LLC Efes Solod was changed to LLC Bosteels Trade on 6 May 2019.
(8) The name of PJSC Sun Inbev Ukraine was changed to PSJC AB Inbev Efes Ukraine on 1April 2019.
(9) 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 accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

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 Taxanomy" 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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 Functional and Reporting Currency (continued)

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary / Joint Venture	Local Currency	Functional Currency	
		2019	2018
EBI	Europian 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.	Europian 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

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 n the contract to each lease component on the basis of their relative stand-alone prices.

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:

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

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

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

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

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

Lease Liability

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

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

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

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:

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

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

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

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

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

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

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

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

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:

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

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:

	1 January 2019
Operating lease commitments within the scope of TAS 17	**108.186**
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
Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate) (a+b+c+d)	**315.762**
- Short term lease liabilities	51.856
- Long term lease liabilities	263.906

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
Total Right Use of Assets	**254.877**

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%
Europian 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).

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**
Current Assets	**12.659.796**	**24.160**	**12.683.956**
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
Non-current Assets	**32.879.246**	**393.273**	**33.272.519**
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	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
TOTAL ASSETS	**45.539.042**	**417.433**	**45.956.475**
Current Liabilities	**9.440.966**	**128.649**	**9.569.615**
Current Borrowings	757.458	-	757.458
- Current Borrowings from Third Parties	*757.458*	-	*757.458*
- Banks Loans	*757.458*	-	*757.458*
Current Portion of Non-Current	1.410.440	128.649	1.539.089
- Current Portion of Non-Current Borrowings from Third Parties	*1.410.440*	*128.649*	*1.539.089*
- Banks Loans	*884.799*	*(1.874)*	*882.925*
- Lease Liabilities	-	*130.523*	*130.523*
- Issued Debt Instruments	*525.641*	-	*525.641*
Other components of current liabilities	7.273.068	-	7.273.068
Non-current Liabilities	**11.909.445**	**304.003**	**12.213.448**
Long-Term Borrowings	7.939.108	314.386	8.253.494
- Long-term Borrowings from Third Parties	*7.939.108*	*314.386*	*8.253.494*
- Banks Loans	*1.623.640*	*(1.142)*	*1.622.498*
- Lease Liabilities	-	*315.528*	*315.528*
- Issued Debt Instruments	*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
Total Equity	**24.188.625**	**(15.213)**	**24.173.412**
Equity Attributable to Equity Holders of	**12.983.611**	**(13.204)**	**12.970.407**
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
Non-Controlling Interests	**11.205.014**	**(2.009)**	**11.203.005**
TOTAL LIABILITIES	**45.539.036**	**417.439**	**45.956.475**

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)
GROSS PROFIT (LOSS)	**8.781.486**	**484**	**8.781.970**
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)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**2.201.577**	**32.168**	**2.233.745**
Investment Activity Income	909.544	-	909.544
Investment Activity Expenses (-)	(221.957)	-	(221.957)
Income/ (Loss) from Associates	(120.628)	(3.104)	(123.732)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**2.768.536**	**29.064**	**2.797.600**
Finance Income	1.221.062	9.156	1.230.218
Finance Expenses (-)	(2.028.503)	(53.866)	(2.082.369)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**1.961.095**	**(15.646)**	**1.945.449**
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)*
PROFIT/(LOSS)	**1.312.052**	**(16.115)**	**1.295.937**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*277.932*	*(3.499)*	*274.433*
- Owners of Parent	*1.034.120*	*(12.616)*	*1.021.504*
EBITDA	**3.909.466**	**128.996**	**4.038.462**

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 reminder 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.

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

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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

A joint venture agreement was signed between EBI and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). The issue has detailed explaination 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 accounted by using equity method during the period of validity of the shareolder 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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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.

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
Retumable 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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.15 Leases (continued)

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.16 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include;

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012 and 2018.

Since the 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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.17 Business Combinations and Goodwill (continued)

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.20 Current Income Tax and Deferred Tax (continued)

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.21 Employee Benefits (continued)

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.27 Revenue (continued)

a) Sale of Goods (continued)

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 recoded as expensed at the date they are incurred.

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.

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.

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".

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**
ASSETS			
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
TOTAL ASSETS	**38.926.112**	**509.078**	**39.435.190**
LIABILITIES			
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
TOTAL LIABILITIES	**17.592.106**	**715.040**	**18.307.146**
Equity Attributable to Equity Holders of the Parent	11.278.672	(103.590)	11.175.082
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)
Non-Controlling Interests	**10.055.334**	**(102.372)**	**9.952.962**
Total Equity	**21.334.006**	**(205.962)**	**21.128.044**
TOTAL LIABILITIES	**38.926.112**	**509.078**	**39.435.190**

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)
GROSS PROFIT (LOSS)	**6.985.110**	**(252.763)**	**6.732.347**
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)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**1.605.968**	**(242.975)**	**1.362.993**
Investment Activity Income	231.251	-	231.251
Investment Activity Expenses (-)	(167.571)	(10.910)	(178.481)
Income/ (Loss) from Associates	(81.065)	-	(81.065)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**1.588.583**	**(253.885)**	**1.334.698**
Finance Income	3.093.380	-	3.093.380
Finance Expenses	(4.052.020)	-	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**629.943**	**(253.885)**	**376.058**
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)*
PROFIT/(LOSS)	**315.118**	**(216.232)**	**98.886**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*218.236*	*(107.666)*	*110.570*
- Owners of Parent	*96.882*	*(108.566)*	*(11.684)*
EBITDA	**2.998.771**	**(43.967)**	**2.954.804**

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

a) The Company, Burlingtown LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtown 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%.
b) 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.

NOTE 3. BUSINESS COMBINATIONS (continued)

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).

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.

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

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, Bevmar GmbH)	**JSC Sun InBev**	**PJSC Sun InBev Ukraine**	**Bevmar GmbH**
Cash and Cash Equivalents	**13.758**	11.773	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**341.926**	274.353	67.573	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**1.736.920**	1.463.742	273.178	-
Intangible Assets	**3.034.023**	2.893.308	140.715	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**138.702**	89.633	49.069	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade Payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(243)
Other Liabilities	**(258.257)**	(197.636)	(60.622)	-
Deferred Tax Liabilities	**(598.760)**	(573.824)	(24.935)	-
Carrying Value of Net Assets Acquired	**3.055.717**	**2.651.649**	**127.430**	**276.639**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	**3.053.603**	**2.651.649**	**125.315**	**276.639**

Total consideration	**4.143.069**
Shareholder loans transferred, net	**(134.229)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Impaired assets due to the business combination	**(239.588)**
Group's share in Net Assets	**3.053.603**
Provisional goodwill arising from acquisition (Note 17)	**535.793**

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 CCİ while it has 50,26% ownership interest in CCİ. CCİ 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 CCİ 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 CCİ 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 CCİ to non-controlling interests (December 31, 2018 – TRL129.678).

The Group management has identified CCİ 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 CCİ 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
Net increase / (decrease) in cash and cash equivalents	**533.074**	(1.584.968)

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 (1)	**71,70%**	**62.013**	39,70%	71.195
SSDSD (2)	**25,13%**	**-**	25,13%	-
		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
Net Assets	**86.489**	179.335	**(6.557)**	(6.359)

	Anadolu Etap		**SSDSD**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
Group's Share (%)	**71,70%**	39,70%	**25,13%**	25,13%
Group's Share of Net Assets for the period	**62.013**	71.195	**(3.279)**	(3.180)
Group's Share of Profit/(Loss) for the period	**(123.371)**	(80.183)	**(361)**	(882)

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(3)	**189**	-
Capital increase(4)	**114.000**	105.069
Balance at December 31	**62.013**	71.195

(1) 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.

(2) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

(3) Shares purchased in Anadolu Etap on 6 December 2019.

(4) Capital increase provided to Anadolu Etap on 27 December 2019.

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[1] and Eliminations**	**Total**
January 1 – December 31, 2019					
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)**
Total Revenues	**2.217.874**	**8.764.104**	**12.244.792**	**87.041**	**23.313.811**
EBITDA	**391.015**	**1.420.592**	**2.282.745**	**(55.890)**	**4.038.462**
Financial Income / (Expense)	**(75.315)**	**(326.780)**	**(334.872)**	**(115.184)**	**(852.151)**
Tax (Expense) Income	**15.139**	**(297.646)**	**(246.681)**	**(120.324)**	**(649.512)**
Profit / (loss) for the period	**120.637**	**(67.545)**	**942.246**	**300.599**	**1.295.937**
Capital expenditures (Note 16, 17)	**271.030**	**785.187**	**765.987**	**1.311**	**1.823.515**
January 1 – December 31, 2018					
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)
Total Revenues	1.844.617	6.156.997	10.623.007	65.065	18.689.686
EBITDA	396.541	728.154	1.870.545	(40.436)	2.954.804
Financial Income / (Expense)	(92.000)	(71.925)	(688.827)	(105.888)	(958.640)
Tax (Expense) Income	(109.483)	29.386	(195.611)	(1.464)	(277.172)
Profit / (loss) for the period	8.993	(183.688)	360.161	(86.580)	98.886
Capital expenditures (Note 16, 17)	235.285	523.531	857.646	(977)	1.615.485

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses.

NOTE 5. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other [(1)] and Eliminations	Total
December 31, 2019					
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**
December 31, 2018					
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

(1) 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)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**2.233.745**	1.362.993
Investment Activity Income	**909.544**	231.251
Investment Activity Expenses (-)	**(221.957)**	(178.481)
Income/(Loss) from Associates	**(123.732)**	(81.065)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**2.797.600**	1.334.698
Finance Income	**1.230.218**	3.093.380
Finance Expenses	**(2.082.369)**	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**1.945.449**	376.058

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
Cash and cash equivalents in cash flow statement	**5.796.125**	4.756.359
Interest income accrual	**18.596**	13.693
	5.814.721	4.770.052

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
	10.103.990	9.228.680

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
Short-term Borrowings						
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%	-
Foreign currency denominated borrowings (Other)	**496.946**	**12,32%**	**Kibor + 0,32%**	656.766	20,71%	Kibor + 0,46% - Mosprime 2,56%
	757.458			830.699		
Short-term portion of long term borrowings						
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%
Foreign currency denominated borrowings (EURO)	**330.591**	**1,40%**	**Euribor + 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) (*)	-			1.810		
Total	**2.166.024**			2.355.115		
Long-term Borrowings						
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%	-
Foreign currency denominated borrowings (EURO)	**789.084**	**1,50%**	**Euribor + 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) (*)	-			2.324		
Total	**7.937.966**			6.873.565		
Grand Total	**10.103.990**			9.228.680		

(*) 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.

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
	7.937.966	6.873.565

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
Balance at December 31	**10.103.990**	9.228.680

As of December 31, 2019, net interest on cross currency swap contracts of CCİ 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**	-
	446.051	-

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%
Europian 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%
	446.051	

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

b) Lease Liabilities (continued)

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**	-
	315.528	-

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**	-
Balance at December 31	**446.051**	-

NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

As of December 31, 2019, CCİ 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, CCİ 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 aluminum swap).

NOTE 8. DERIVATIVE INSTRUMENTS (continued)

e) Commodity swap contracts (continued)

As of December 31, 2018, CCİ 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, CCİ holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of 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.

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)
	858.641	**(9.868)**	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)**	-
	380.280	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).

NOT 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)
	2.728.820	2.415.241

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
Balance at December 31	**115.739**	98.374

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
	5.304.586	3.644.817

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 (1)	**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
	165.655	**102.028**

(1) 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 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 [1]	**21.394**	-
Other	**3.410**	5.485
	76.654	52.866

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
	1.423.121	1.472.436

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
	473.497	391.376

(1) 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)
	2.257.493	1.943.100

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)
Balance at December 31	**90.283**	47.574

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
	639.946	496.865

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
	358.813	407.495

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
	44.010	58.592

d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2019	December 31, 2018
Deferred income	**2.128**	975
	2.128	975

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
	254.877	**229.502**	**(59.661)**	**27.355**	**-**	**452.073**
Accumulated depreciation(-)						
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
	-	**96.864**	**(44.868)**	**3.962**	**-**	**55.958**
Net book value	**254.877**					**396.115**

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
	215.210	**-**	**-**	**57.903**	**8.070**	**281.183**
Accumulated depreciation(-)						
Buildings	**101.848**	**4.936**	**-**	**27.748**	**1.427**	**135.959**
	101.848	**4.936**	**-**	**27.748**	**1.427**	**135.959**
Net book value	**113.362**					**145.224**

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
	186.299	**-**	**(213)**	**29.148**	**(24)**	**215.210**
Accumulated depreciation(-)						
Buildings	84.405	4.330	(19)	13.132	-	101.848
	84.405	**4.330**	**(19)**	**13.132**	-	101.848
Net book value	**101.894**					**113.362**

As of December 31, 2019, there is no mortgage on investments properties (December 31, 2018 –None).

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 (*)	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**

Accumulated depreciation and impairment (-)	2018	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2019
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**
Net book value	**10.753.432**						**12.006.521**

(*) 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).
(**) 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 CCİ. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

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**
	13.620.050	**1.565.044**	**(594.806)**	**1.736.920**	**2.460.671**	**-**	**(8.737)**	**18.779.142**

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**
	6.134.815	**1.451.582**	**(520.005)**	**-**	**931.721**	**27.597**	**-**	**8.025.710**
Net book value	**7.485.235**							**10.753.432**

(*) 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.

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**

Accumulated amortization and impairment (-)	2018	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2019
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**
Net book value	**14.343.538**						**16.302.843**

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**
	10.407.197	**50.441**	**(2.555)**	**3.034.023**	**1.461.922**	**-**	**8.761**	**14.959.789**

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**
	165.137	**37.493**	**(2.497)**	**-**	**22.991**	**393.127**	**-**	**616.251**
Net book value	**10.242.060**							**14.343.538**

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
At December 31	**3.221.352**	2.612.996

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

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2019	**50.099**	**2.308.731**	**862.522**	-	**3.221.352**
2018	50.099	1.724.756	838.141	-	2.612.996

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 (1)	**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 (2)	**19.457**	**19.457**	**-**	**-**	**-**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1.016.154**	**157.561**	**55.179**	**48.437**	**-**	**52.216**	**4.043.939**	**40.479**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

(1) 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.

(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

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 [(1)]	**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[(2)]	**14.559**	**14.559**	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	**1.235.540**	**255.059**	**43.181**	**85.519**	**27**	**42.879**	**4.889.331**	**37.511**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

(1) 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.

(2) 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.

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.

NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

Tax and Legal Matters (continued)

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
	81.955	77.035

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
	115.224	113.218

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
	43.344	36.642

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
	40.999	41.728

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
	188.435	143.175

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%).

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
	177.627	132.887

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	**-**	-
	10.808	10.288

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
Balance at December 31	**58.840**	81.511

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
	465.909	439.255

NOTE 21. OTHER ASSETS AND LIABILITIES (continued)

b) Other Non-Current Assets

	31 December 2019	31 December 2018
Deferred VAT and other taxes	**739**	244
Other	**5.374**	753
	6.113	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
	213.122	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
	211.759	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).

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.

NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS (continued)

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

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
Total sales, net	**23.313.811**	18.689.686
Cost of Sales		
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
Total cost of sales	**14.531.841**	11.957.339
Gross Operating Profit	**8.781.970**	6.732.347

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
	1.770.749	1.557.701

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
	4.930.372	3.957.760

(*) 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
	(1.737.220)	(1.493.405)

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)
	(2.311.305)	(1.864.488)

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
	816.855	554.356

b) Other Operating Expenses

	2019	2018
Foreign exchange losses arising from operating activities	**(352.309)**	(255.410)
Administrative fines(*)	**(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)
	(663.959)	(408.249)

(*) 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**	-
	909.544	231.251

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)
	(221.957)	(178.481)

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**	-
	1.230.218	3.093.380

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)
	(2.082.369)	(4.052.020)

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 liabilites 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)

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
Consolidated profit before tax	**1.945.449**	376.058
Effect of associate income net off tax	**123.732**	81.065
Consolidated profit before tax (excluding effect of associate income net off tax)	**2.069.181**	457.123
Enacted tax rate	**22%**	22%
Tax calculated at the parent company tax rate	**(455.220)**	(100.567)
Tax effect of non-deductible expenses	**(96.397)**	(10.181)
Tax effect of impairment for goodwill	**(674)**	-
Tax effect of income excluded from tax bases	**47.620**	13.100
Effect of different tax rates	**4.502**	837
Deffered tax effect of translation on non-monetary items	**(12.413)**	(37.846)
Cancellation of deferred tax calculated in previous periods	**(122.593)**	(7.351)
Impact of tax base increase regarding law no 7143 (1)	**-**	(53.083)
Effect of deferred tax asset on non-recognized income	**(80)**	(12.459)
Other	**(14.257)**	(69.622)
	(649.512)	(277.172)

(1) 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.

NOTE 29. TAX ASSETS AND LIABILITIES (continued)

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	**694.454**	675.375
Deferred tax liabilities	**(3.073.271)**	(2.741.615)
	(2.378.817)	(2.066.240)

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
	1.191.099	1.095.076	**(3.569.916)**	(3.161.316)	**(2.378.817)**	(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)
Balance at December 31	**(2.378.817)**	(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 Mahmudiye 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).

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 37.405 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 (2)	**230.936**	177.459
AB InBev Group Companies (3)	**125.960**	69.440
AG Anadolu Grubu Holding A.Ş. (1) (*)	**48.697**	-
Other	**9.263**	11.496
	414.856	258.395

The Group has TRL354 short term deferred revenue TRL6.406 long term deferred revenue related to AG Anadolu Grubu Holding A.Ş (1). (December 31, 2018 – short term deferred revenue TRL147, long term deferred revenue TRL376) (Note 13).

Due to Related Parties

	December 31, 2019	December 31, 2018
AB InBev Group Companies (3)	**473.482**	259.479
Oyex Handels GmbH (2)	**8.277**	14.496
Other	**4.545**	8.603
	486.304	282.578

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(*) According to TFRS 16, there are TRL27.303 short term and TRL21.394 long term sub-lease receivables totaling TRL48.697.

NOTE 31. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	2019	2018
Ab InBev Group Companies [3]	Service and Purchase of Trade Goods	**162.712**	189.539
Anadolu Efes Spor Kulübü	Service	**110.750**	63.250
Oyex Handels GmbH [2]	Purchase of Materials and Fixed Assets	**44.605**	58.669
AG Anadolu Grubu Holding A.Ş. [1]	Consultancy Service	**46.756**	38.495
Çelik Motor Ticaret A.Ş. [2]	Vehicle Leasing	**5.151**	37.942
Efestur Turizm İşletmeleri A.Ş. [2]	Travel and Accommodation	**14.893**	10.948
Anadolu Bilişim Hizmetleri A.Ş. [2] [4]	Information Service	**1.728**	2.561
Other		**18.535**	14.199
		405.130	415.603

Financial Income and Expense

	Nature of transaction	2019	2018
Brandbev SARL [3]	Interest expense	**(35.625)**	(34.568)
AG Anadolu Grubu Holding A.Ş. [1]	Interest income from subleases	**10.166**	-
Çelik Motor Ticaret A.Ş. [2]	Interest expense from leases	**(971)**	-
Çelik Motor Ticaret A.Ş. [2]	Gain arising from the termination of lease agreements	**165**	-
		(26.265)	(34.568)

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2019	2018
Migros Group Companies [2]	Sales Income	**788.096**	594.580
Ab Inbev Group Companies [3]	Other Income	**54.560**	40.451
Other	Other Income	**2.439**	3.140
		845.095	638.171

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) 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	**-**	-
	50.435	49.610

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
Financial instruments with fixed interest rate		
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)
Financial instruments with floating interest rate		
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
Total	**2.859**	4.452

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	-
4. Current Assets (1+2+3)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
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)	-	-	-
13. Current Liabilities (10+11+12)	**(2.324.814)**	**(238.332)**	**(1.415.739)**	**(129.750)**	**(862.918)**	**(46.157)**
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)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6.793.420)**	**(1.007.157)**	**(5.982.719)**	**(121.892)**	**(810.655)**	**(46)**
18. Total Liabilities (13+17)	**(9.118.234)**	**(1.245.489)**	**(7.398.458)**	**(251.642)**	**(1.673.573)**	**(46.203)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19a. Total Hedged Assets (*)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(1.866.196)**	**(112.119)**	**(666.012)**	**(178.182)**	**(1.185.015)**	**(15.169)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(7.011.327)**	**(915.467)**	**(5.438.056)**	**(234.280)**	**(1.558.102)**	**(15.169)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	(3.708)	**(573)**	**(3.403)**	**-**	**-**	**(305)**
23.Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

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
4. Current Assets (1+2+3)	**1.868.381**	**302.042**	**1.589.011**	**32.567**	**196.313**	**83.057**
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
8. Non-Current Assets (5+6+7)	3.438	**6**	**31**	**564**	**3.400**	**8**
9. Total Assets (4+8)	**1.871.820**	**302.048**	**1.589.042**	**33.131**	**199.713**	**83.065**
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)	-	-	-
13. Current Liabilities (10+11+12)	**(2.424.550)**	**(197.353)**	**(1.038.255)**	**(225.942)**	**(1.361.978)**	**(24.317)**
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)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6.601.885)**	**(1.146.625)**	**(6.032.284)**	**(94.492)**	**(569.598)**	**(3)**
18. Total Liabilities (13+17)	**(9.026.435)**	**(1.343.978)**	**(7.070.539)**	**(320.434)**	**(1.931.576)**	**(24.320)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**4.713.031**	**781.279**	**4.110.231**	**100.000**	**602.800**	**-**
19a. Total Hedged Assets (*)	**4.713.031**	**781.279**	**4.110.231**	**100.000**	**602.800**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(2.441.584)**	**(260.651)**	**(1.371.266)**	**(187.302)**	**(1.129.063)**	**58.745**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(6.980.243)**	**(1.002.301)**	**(5.273.008)**	**(292.961)**	**(1.765.968)**	**58.733**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-
23.Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

(*) 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.

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(*)		December 31,2018(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
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)
Net effect in USD	**(79.711)**	**79.711**	(116.278)	116.278
Increase / decrease in EURO by 10%:				
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)
Net effect in EURO	**(122.557)**	**122.557**	(116.317)	116.317
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**(1.517)**	**1.517**	5.873	(5.873)
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**(1.517)**	**1.517**	5.873	(5.873)
TOTAL	**(203.785)**	**203.785**	(226.722)	226.722

(*) 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, CCİ 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)).

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 **Contractual maturities**	**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)**
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**	**-**	**-**	**-**
Total	**16.159.805**	**18.212.278**	**5.972.507**	**2.740.924**	**9.073.995**	**424.852**

2018 Contractual maturities	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)
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	-	-	-
Total	13.160.968	14.528.065	4.139.117	2.221.786	5.488.482	2.678.680

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.

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:

	Receivables					
	Trade Receivables		Other Receivables			
Current Year	**Due from related parties**	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits**	**Derivative Instruments**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**290.784**	**2.438.036**	**102.678**	**118.237**	**6.101.695**	**3.492**
- Maximum credit risk secured by guarantees	**184.614**	**1.160.129**	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	**284.757**	**2.329.579**	**102.678**	**102.342**	**6.101.695**	**3.492**
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	**6.027**	**110.208**	-	**15.895**	-	-
- Under guarantee, securities and credit insurance	-	**47.494**	-	-	-	-
D. Net carrying amount of financial assets impaired	-	**(1.751)**	-	-	-	-
- past due (gross carrying value)	-	**114.132**	-	-	-	-
- impaired (-)	-	**(115.883)**	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	**(1.751)**	-	-	-	-
- 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	-	-	-	-	-	-

Current Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	**76.896**	**-**	**-**	**-**
Past due between 1-3 months	**14.272**	**-**	**-**	**-**
Past due between 3-12 months	**3.726**	**-**	**-**	**-**
Past due for more than 1 year	**15.314**	**-**	**-**	**-**

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	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.

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**.**

Current Year	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value	**-**	**-**	**-**
Derivative financial instruments (Note 8)	**-**		**-**
Financial liabilities at fair value	**-**	**-**	**-**
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

c) Adjustments for Interest (Income) Expenses

	2019	2018
Adjustments for interest income (Note 28)	**(265.247)**	(296.027)
Adjustments for interest expenses (Note 28)	**538.744**	555.814
Adjustments for interest income income sub-lease receivables	**(10.220)**	-
Adjustments for interest income expense related to leases	**51.188**	-
	314.465	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	**(37.463)**	(224.588)
Change in time deposits with maturity more than three months	**(356.855)**	67.425
	(394.318)	(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	**48.594**	16.347
Put option revaluation	**(14.384)**	-
	34.210	16.347

NOTE 35. EVENTS AFTER REPORTING PERIOD

a) As presented in KAP declarations dated January 21, 2020, CCİ held preliminary discussions with The Coca-Cola Company (TCCC) to revisit the sales and distribution model of Dogadan brand, the non-ready to drink tea in CCI's portfolio. Dogadan is produced within the TCCC system while sales and distribution procedures are performed by CCI in Turkey and Azerbaijan according to Sales and Distribution agreement which was signed in 2008. Based on board of directors' decision 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.

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