

**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**

**CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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**Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish**  
**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020**

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

	Notes	Audited		
		December 31, 2020	Restated (Note 2) December 31, 2019	Restated (Note 2) January 1, 2019
<b>ASSETS</b>				
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
<b>Subtotal</b>		<b>15.654.316</b>	<b>12.683.956</b>	<b>10.368.047</b>
Non-current Assets Classified as Held for Sale	31	15.095	-	-
<b>Current Assets</b>		<b>15.669.411</b>	<b>12.683.956</b>	<b>10.368.047</b>
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
<b>Non-Current Assets</b>		<b>34.891.957</b>	<b>33.214.176</b>	<b>29.328.123</b>
<b>TOTAL ASSETS</b>		<b>50.561.368</b>	<b>45.898.132</b>	<b>39.696.170</b>

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

**Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish**  
**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020**  
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited		
	Note s	December 31, 2020	Restated (Note 2) December 31, 2019	Restated (Note 2) January 1, 2019
<b>LIABILITIES</b>				
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
<b>Current Liabilities</b>		<b>12,542.103</b>	<b>9,696.522</b>	<b>8,075.465</b>
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
<b>Non-Current Liabilities</b>		<b>13,004,537</b>	<b>11,821,310</b>	<b>10,298,431</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>12,805,764</b>	<b>13,177,295</b>	<b>11,369,312</b>
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	-
<b>Non-Controlling Interests</b>	4	<b>12,208,964</b>	<b>11,203,005</b>	<b>9,952,962</b>
<b>Total Equity</b>		<b>25,014,728</b>	<b>24,380,300</b>	<b>21,322,274</b>
<b>TOTAL LIABILITIES</b>		<b>50,561,368</b>	<b>45,898,132</b>	<b>39,696,170</b>

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

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish  
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020**

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

		Audited	
		Current Period 1 January- 31 December 2020	Restated (Note 2) Previous Period 1 January- 31 December 2019
	Notes		
Revenue	5, 23	26.742.693	23.076.564
Cost of Sales	23	(16.799.303)	(14.320.243)
<b>GROSS PROFIT (LOSS)</b>		<b>9.943.390</b>	<b>8.756.321</b>
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)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>2.717.199</b>	<b>2.246.158</b>
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)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>		<b>2.784.273</b>	<b>2.810.013</b>
Finance Income	28	2.258.422	1.096.839
Finance Expenses	28	(2.975.745)	(1.948.990)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>2.066.950</b>	<b>1.957.862</b>
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)
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>1.456.874</b>	<b>1.305.589</b>
<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>	31	<b>(3.964)</b>	<b>3.006</b>
<b>PROFIT/(LOSS)</b>		<b>1.452.910</b>	<b>1.308.595</b>
<b>Profit/(Loss) Attributable to:</b>			
- Non-Controlling Interest	4	638.151	274.433
- Owners of Parent		814.759	1.034.162
<b>Earnings / (Loss) Per Share (Full TRL)</b>	30	<b>1,3760</b>	<b>1,7466</b>
<b>Earnings / (Loss) Per Share From Continuing Operations (Full TRL)</b>	30	<b>1,3827</b>	<b>1,7415</b>
<b>Earnings / (Loss) Per Share From Discontinued Operations (Full TRL)</b>	30	<b>(0,0067)</b>	<b>0,0051</b>

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

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

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

		<b>Audited</b>	
		<b>Current Period 1 January- 31 December 2020</b>	<b>Restated (Note 2) Previous Period 1 January- 31 December 2019</b>
	<b>Notes</b>		
<b>PROFIT/(LOSS)</b>		<b>1.452.910</b>	<b>1.308.595</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other Comprehensive Income that will not be Reclassified to Profit or Loss</b>		<b>(7.643)</b>	<b>(8.251)</b>
Gains (Losses) on Remeasurements of Defined Benefit Plans	<b>20</b>	<b>(9.387)</b>	<b>(10.112)</b>
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		<b>1.744</b>	<b>1.861</b>
- <i>Deferred Tax Income (Expense)</i>		<b>1.744</b>	<b>1.861</b>
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>		<b>410.749</b>	<b>2.207.826</b>
Currency Translation Differences		<b>1.527.916</b>	<b>2.864.074</b>
Other Comprehensive Income (Loss) on Cash Flow Hedge		<b>(102.090)</b>	<b>(227.309)</b>
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations	<b>33</b>	<b>(1.283.115)</b>	<b>(572.837)</b>
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		<b>268.038</b>	<b>143.898</b>
- <i>Deferred Tax Income (Expense)</i>		<b>268.038</b>	<b>143.898</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>403.106</b>	<b>2.199.575</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>1.856.016</b>	<b>3.508.170</b>
<b>Total Comprehensive Income Attributable to</b>			
- <i>Non-Controlling Interest</i>		<b>1.157.906</b>	<b>1.399.355</b>
- <i>Owners of Parents</i>		<b>698.110</b>	<b>2.108.815</b>

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**Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish**  
**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020**  
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	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	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Retained Earnings		Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
						Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences			Prior Years' Profits or Losses	Current Period Net Profit or Loss			
Previous period (1 January – 31 December 2019)	<b>Beginning Balances</b>	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 Adjustments 2	-	-	-	-	-	-	-	-	178.568	15.662	194.230	-	194.230
	<b>Restated Balances</b>	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)	-	-	-
	<b>Total Comprehensive Income (Loss)</b>	-	-	-	-	<b>(4.514)</b>	<b>1.594.256</b>	<b>(515.089)</b>	-	-	<b>1.034.162</b>	<b>2.108.815</b>	<b>1.399.355</b>	<b>3.508.170</b>
	- 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)
	<b>Ending Balances</b>	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)	<b>Beginning Balances</b>	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)	-	-	-
	<b>Total Comprehensive Income (Loss)</b>	-	-	-	-	<b>(4.173)</b>	<b>768.612</b>	<b>(881.088)</b>	-	-	<b>814.759</b>	<b>698.110</b>	<b>1.157.906</b>	<b>1.856.016</b>
	- 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)
	<b>Ending Balances</b>	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.

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**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020**  
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited	
		1 January- December 31, 2020	Restated (Note 2) 1 January- December 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4.956.927</b>	<b>4.157.115</b>
Profit/ (Loss) from Continuing Operation for the Period		<b>1.456.874</b>	1.305.589
Profit/ (Loss) from Discontinued Operation for the Period		<b>(3.964)</b>	3.006
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>3.548.904</b>	<b>2.551.399</b>
Adjustments for Depreciation and Amortization Expense	5, 15, 16, 17,25	<b>2.073.049</b>	1.743.205
Adjustments for Impairment Loss (Reversal)	35	<b>72.414</b>	148.885
Adjustments for Provisions	35	<b>77.499</b>	81.121
Adjustments for Interest (Income) Expenses	35	<b>381.518</b>	314.465
Adjustments for Foreign Exchange Losses (Gains)		<b>502.949</b>	237.332
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	35	<b>14.332</b>	34.210
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	<b>249.004</b>	123.732
Adjustments for Tax (Income) Expenses	29	<b>610.076</b>	652.273
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	27	<b>(115.062)</b>	(263.098)
Transfer of currency translation differences previously accounted as other comprehensive income	27	<b>(279.929)</b>	(467.516)
Other Adjustments to Reconcile Profit (Loss)		<b>(36.946)</b>	(53.210)
<b>Change in Working Capital</b>		<b>514.907</b>	<b>824.831</b>
Adjustments for Decrease (Increase) in Trade Accounts Receivables		<b>(5.082)</b>	(337.466)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		<b>(115.963)</b>	(142.718)
Adjustments for Decrease (Increase) in Inventories		<b>(471.966)</b>	(402.022)
Adjustments for increase (Decrease) in Trade Accounts Payable		<b>836.118</b>	1.610.696
Adjustments for increase (Decrease) in Other Operating Payables		<b>271.800</b>	96.341
<b>Cash Flows from (used in) Operations</b>		<b>5.516.721</b>	<b>4.684.825</b>
Payments Related with Provisions for Employee Benefits	20	<b>(52.117)</b>	(47.418)
Income Taxes (Paid) Return		<b>(507.677)</b>	(480.292)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(1.515.021)</b>	<b>(1.526.174)</b>
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	<b>(126.393)</b>	(114.189)
Proceeds from Sales of Property, Plant, Equipment		<b>357.218</b>	411.051
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	15,16,17	<b>(1.745.846)</b>	(1.823.036)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(1.113.782)</b>	<b>(1.489.217)</b>
Proceeds from Borrowings	7	<b>5.493.058</b>	2.427.127
Repayments of Borrowings	7	<b>(5.818.335)</b>	(2.662.159)
Payments of Lease Liabilities	7	<b>(191.541)</b>	(136.284)
Dividends Paid		<b>(604.324)</b>	(450.144)
Interest Paid	7	<b>(634.372)</b>	(531.131)
Interest Received		<b>269.816</b>	257.692
Other Inflows (Outflows) of Cash	35	<b>371.916</b>	(394.318)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES</b>		<b>2.328.124</b>	<b>1.141.724</b>
<b>Effect Of Currency Translation Differences On Cash And Cash Equivalents</b>		<b>383.886</b>	(101.958)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2.712.010</b>	<b>1.039.766</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>5.796.125</b>	<b>4.756.359</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>8.508.135</b>	<b>5.796.125</b>

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

(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 16.797 (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.

**Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish**  
**Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**  
(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 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 <sup>(1)</sup>	Russia	Production and marketing of beer	International Beer	50,00	50,00
PJSC AB InBev Efes Ukraine <sup>(1)</sup>	Ukraine	Production and marketing of beer	International Beer	49,36	49,36
LLC Vostok Solod <sup>(2)</sup>	Russia	Production of malt	International Beer	50,00	50,00
LLC Bosteels Trade <sup>(2)</sup>	Russia	Selling and distribution of beer	International Beer	50,00	50,00
LLC Inbev Trade <sup>(2)</sup>	Russia	Production of malt	International Beer	50,00	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) <sup>(1)</sup>	Germany	Investment company	International Beer	50,00	50,00
Bevmar GmbH <sup>(1)</sup>	Germany	Investment company	International Beer	50,00	50,00
		Marketing and distribution company of the Group in			
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) <sup>(3)</sup>	Turkey	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. (CCI) <sup>(4)</sup>	Turkey	Production of Coca-Cola products	Soft Drinks	50,26	50,26
		Distribution and selling of Coca-Cola, Doğadan and			
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	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)	Kyrgyzstan	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 CCI	Soft Drinks	50,26	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCI	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 CCI	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) <sup>(5)</sup>	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 CCI 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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 arising 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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	European Currency (EURO)	USD	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	RUR	RUR
PJSC AB Inbev Efes Ukraine	Ukraine Hryvnya (UAH)	UAH	UAH
AB InBev Efes B.V.	European Currency (EURO)	USD	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	KZT	KZT
Efes Moldova	Moldovan Leu (MDL)	MDL	MDL
Efes Georgia	Georgian Lari (GEL)	GEL	GEL
EHTMC	EURO	USD	USD
Efes Germany	EURO	EURO	EURO
Almaty CC	Kazakh Tenge (KZT)	KZT	KZT
Tonus	Kazakh Tenge (KZT)	KZT	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	AZN	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	TMT	TMT
Bishkek CC	Kyrgyz Som (KGS)	KGS	KGS
TCCBCJ	Jordan Dinar (JOD)	JOD	JOD
SIBL	Iraqi Dinar (IQD)	IQD	IQD
SSDSD	Syrian Pound (SYP)	SYP	SYP
CCBPL	Pakistan Rupee (PKR)	PKR	PKR
CCI Holland	EURO	USD	USD
Waha B.V.	EURO	USD	USD
Al Waha	Iraqi Dinar (IQD)	IQD	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	TJS	TJS

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

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**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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 CCI, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCI and started to include CCI and its subsidiaries in consolidation scope.

A joint venture agreement was signed between EBI and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). 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 be accounted by using equity method during the period of validity of the shareholder agreement terms.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The acquisition method of accounting is used for business combinations. Subsidiaries, joint ventures or investment in associates, acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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
Returnable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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%
Kyrgyzstan	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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**NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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 recorded 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**  
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

- The Company, Burlingtoun LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtoun LLP's 39,7% stake in Anadolu Etap by Anadolu Efes and Özgörkey on a pro rata basis on 4 December 2019. Following the completion of the share transfer on 6 December 2019, the Company's currently held 39,70% ownership in Anadolu Etap, increased to 65,84%.
- The Company's ownership in Anadolu Etap has been increased to 71,70% from 65,84% on 27 December 2019 following the capital increase by TRL114.000.

Anadolu Etap, is currently being consolidated to Group financial statements by using the equity method and will continue to be consolidated in the same way, as the current governance structure and agreements among the shareholders of Anadolu Etap does not allow any shareholder to fully control and consolidate.

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

a) Information about material non-controlling interests in subsidiaries

The Company has control over CCI while it has 50,26% ownership interest in CCI. CCI is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as “non-controlling interests” in statement of financial position and profit and loss statement.

The Company has control over AB Inbev Efes B.V. while it has 50,00% ownership interest in AB Inbev Efes B.V.. AB Inbev Efes B.V. is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as “non-controlling interests” in statement of financial position and profit and loss statement.

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL627.037 (December 31, 2019 – TRL274.433, of which TRL679.249 (December 31, 2019 – TRL456.751) is related with net income of CCI attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to 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 CCI 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 CCI to non-controlling interests (December 31, 2019 – TRL147.591).

The Group management has identified CCI as a separate operating segment. Summarized information on statement of financial position and profit and loss statement is given as “Soft Drinks” segment in Note 5 “Segment Information”.

Summarized statement of cash flows of CCI is given below:

	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
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1.837.788</b>	<b>533.074</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

**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 <sup>(1) (2)</sup>	76,22%	(57.241)	71,70%	62.013
SSDSD <sup>(3)</sup>	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
<b>Net Assets</b>	<b>(75.095)</b>	86.489	<b>(10.439)</b>	(6.557)

	Anadolu Etap		SSDSD	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<b>Group's Share (%)</b>	<b>76,22%</b>	71,70%	<b>25,13%</b>	25,13%
<b>Group's Share of Net Assets for the period</b>	<b>(57.241)</b>	62.013	<b>(5.246)</b>	(3.279)
<b>Group's Share of Profit/(Loss) for the period</b>	<b>(245.647)</b>	(123.371)	<b>(3.357)</b>	(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 <sup>(1)</sup>	126.393	114.000
<b>Balance at December 31</b>	<b>(57.241)</b>	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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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:

	<b>Turkey Beer</b>	<b>International Beer</b>	<b>Soft Drinks</b>	<b>Other<sup>(1)</sup> and Eliminations</b>	<b>Total</b>
<b>January 1 – December 31, 2020</b>					
<b>Revenues</b>	<b>2.306.976</b>	<b>9.995.283</b>	<b>14.391.013</b>	<b>80.750</b>	<b>26.774.022</b>
<b>Inter-segment revenues</b>	<b>(28.958)</b>	<b>(2.027)</b>	<b>(344)</b>	<b>-</b>	<b>(31.329)</b>
<b>Total Revenues</b>	<b>2.278.018</b>	<b>9.993.256</b>	<b>14.390.669</b>	<b>80.750</b>	<b>26.742.693</b>
<b>EBITDA</b>	<b>381.017</b>	<b>1.630.700</b>	<b>3.136.818</b>	<b>(54.826)</b>	<b>5.093.709</b>
<b>Financial Income / (Expense)</b>	<b>49.689</b>	<b>(324.957)</b>	<b>(289.092)</b>	<b>(152.963)</b>	<b>(717.323)</b>
<b>Tax (Expense) Income</b>	<b>(39.560)</b>	<b>(124.566)</b>	<b>(447.980)</b>	<b>2.030</b>	<b>(610.076)</b>
<b>Profit / (loss) for the period</b>	<b>104.719</b>	<b>198.776</b>	<b>1.318.170</b>	<b>(164.791)</b>	<b>1.456.874</b>
<b>Capital expenditures (Note 16, 17)</b>	<b>351.346</b>	<b>727.558</b>	<b>666.144</b>	<b>798</b>	<b>1.745.846</b>
<b>January 1 – December 31, 2019</b>					
<b>Revenues</b>	<b>2.254.505</b>	<b>8.765.210</b>	<b>12.007.762</b>	<b>87.041</b>	<b>23.114.518</b>
<b>Inter-segment revenues</b>	<b>(36.631)</b>	<b>(1.106)</b>	<b>(217)</b>	<b>-</b>	<b>(37.954)</b>
<b>Total Revenues</b>	<b>2.217.874</b>	<b>8.764.104</b>	<b>12.007.545</b>	<b>87.041</b>	<b>23.076.564</b>
<b>EBITDA</b>	<b>407.257</b>	<b>1.420.592</b>	<b>2.278.812</b>	<b>(55.890)</b>	<b>4.050.771</b>
<b>Financial Income / (Expense)</b>	<b>(75.315)</b>	<b>(326.780)</b>	<b>(334.872)</b>	<b>(115.184)</b>	<b>(852.151)</b>
<b>Tax (Expense) Income</b>	<b>11.554</b>	<b>(297.646)</b>	<b>(245.857)</b>	<b>(120.324)</b>	<b>(652.273)</b>
<b>Profit / (loss) for the period</b>	<b>133.295</b>	<b>(67.545)</b>	<b>939.240</b>	<b>300.599</b>	<b>1.305.589</b>
<b>Capital expenditures (Note 16, 17)</b>	<b>271.030</b>	<b>785.187</b>	<b>765.987</b>	<b>1.311</b>	<b>1.823.515</b>

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020

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

NOTE 5. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other <sup>(1)</sup> and Eliminations	Total
<b>December 31, 2020</b>					
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
<b>Investment in associates</b>	-	-	-	(57.241)	(57.241)
<b>December 31, 2019</b>					
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
<b>Investment in associates</b>	-	-	-	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)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>	<b>2.717.199</b>	<b>2.246.158</b>
Investment Activity Income	474.495	909.544
Investment Activity Expenses (-)	(158.417)	(221.957)
Income/(Loss) from Associates	(249.004)	(123.732)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)</b>	<b>2.784.273</b>	<b>2.810.013</b>
Finance Income	2.258.422	1.096.839
Finance Expenses	(2.975.745)	(1.948.990)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>2.066.950</b>	<b>1.957.862</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**NOTE 6. CASH AND CASH EQUIVALENTS**

	<b>December 31, 2020</b>	December 31, 2019
Cash on hand	<b>2.800</b>	3.433
Bank accounts		
- Time deposits	<b>7.542.612</b>	5.064.833
- Demand deposits	<b>883.252</b>	599.839
Other	<b>79.471</b>	128.020
<b>Cash and cash equivalents in cash flow statement</b>	<b>8.508.135</b>	5.796.125
Expected Credit Loss (-)	<b>(1.179)</b>	-
Interest income accrual	<b>17.994</b>	18.596
	<b>8.524.950</b>	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**

	<b>December 31, 2020</b>	December 31, 2019
Short-term Bank Loans (Third Parties)	<b>2.327.494</b>	757.458
Current Portion of Bank Loans (Third Parties)	<b>513.660</b>	882.925
Current Portion of Issued Debt Instruments (Third Parties)	<b>30.783</b>	525.641
Long-term Bank Loans (Third Parties)	<b>1.816.654</b>	1.622.498
Long-term Issued Debt Instruments (Third Parties)	<b>7.105.561</b>	6.315.468
	<b>11.794.152</b>	10.103.990

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

(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)

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
<b>Short-term Borrowings</b>						
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		
<b>Short-term portion of long term borrowings</b>						
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		
<b>Total</b>	2.871.937			2.166.024		
<b>Long-term Borrowings</b>						
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	-
<b>Total</b>	8.922.215			7.937.966		
<b>Grand Total</b>	11.794.152			10.103.990		

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**NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)**

**a) Bank Loans, issued debt instruments and other borrowings (continued)**

Repayments of long-term borrowings are scheduled as follows:

	December 31, 2020	December 31, 2019
Between 1-2 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
	<b>8.922.215</b>	<b>7.937.966</b>

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
<b>Balance at December 31</b>	<b>11.794.152</b>	<b>10.103.990</b>

As of December 31, 2020, net interest on cross currency swap contracts of CCI 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
	<b>370.462</b>	<b>446.051</b>

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
	<b>257.907</b>	<b>315.528</b>

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**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
<b>Balance at December 31</b>	<b>370.462</b>	<b>446.051</b>

**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).

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**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.

	<b>December 31, 2020</b>		<b>December 31, 2019</b>	
	<b>Nominal Value</b>	<b>Fair Value Asset / (Liability)</b>	<b>Nominal Value</b>	<b>Fair Value Asset/ (Liability)</b>
Currency option contracts	<b>136.460</b>	<b>(4.517)</b>	415.814	(7.099)
Cross currency participation swaps	<b>1.101.075</b>	<b>(213.420)</b>	-	-
Interest rate swaps	-	-	255.429	4
Commodity swap contracts	<b>526.305</b>	<b>83.807</b>	49.370	931
Currency forwards	<b>2.696.376</b>	<b>43.984</b>	134.068	(3.704)
Cross currency swaps	<b>225.523</b>	<b>(58.166)</b>	-	-
	<b>4.685.739</b>	<b>(148.312)</b>	854.681	(9.868)



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**NOTE 9. FINANCIAL INVESTMENTS**

	<b>December 31, 2020</b>	December 31, 2019
Time deposits with maturity more than three months	<b>23.164</b>	382.542
Expected credit loss (-)	-	(2.262)
	<b>23.164</b>	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**

	<b>December 31, 2020</b>	December 31, 2019
Short term trade receivables from third parties	<b>2.485.822</b>	2.519.752
Long term trade receivables from third parties	<b>1.792</b>	1.619
Trade receivables from related parties (Note 32)	<b>322.831</b>	290.784
Notes and cheques receivables	<b>26.397</b>	32.404
Expected credit loss (-)	<b>(147.667)</b>	(115.739)
	<b>2.689.175</b>	2.728.820

The movement of provision for doubtful receivables as of December 31, 2020 and 2019 is as follows:

	<b>2020</b>	2019
Balance at January 1	<b>115.739</b>	98.374
Current year provision	<b>44.367</b>	23.137
Provisions no longer required	<b>(7.018)</b>	(11.621)
Write-offs from expected credit loss	<b>(12.974)</b>	(6.522)
Currency translation differences	<b>7.553</b>	12.371
<b>Balance at December 31</b>	<b>147.667</b>	115.739

**b) Trade Payables**

	<b>December 31, 2020</b>	December 31, 2019
Short term trade payables to third parties	<b>5.550.191</b>	4.811.815
Long term trade payables to third parties	<b>49.528</b>	71.923
Trade payables to related parties (Note 32)	<b>569.046</b>	486.304
	<b>6.168.765</b>	5.370.042

**NOTE 11. OTHER RECEIVABLES AND PAYABLES**

**a) Other Current Receivables**

	<b>December 31, 2020</b>	December 31, 2019
Receivables from related parties (Note 32)	<b>104.183</b>	75.375
Receivables from tax office	<b>16.958</b>	14.675
Due from personnel	<b>15.436</b>	16.789
Deposits and guarantees given	<b>4.083</b>	2.114
Sublease receivables from related parties (Note 32) <sup>(1)</sup>	<b>11.188</b>	27.303
Other	<b>10.682</b>	29.399
	<b>162.530</b>	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.

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**NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)**

**b) Other Non-Current Receivables**

	<b>December 31, 2020</b>	December 31, 2019
Deposits and guarantees given	<b>42.622</b>	51.850
Sublease receivables from related parties (Note 32) <sup>(1)</sup>	<b>19.266</b>	21.394
Other	<b>5.641</b>	3.410
	<b>67.529</b>	76.654

**c) Other Current Payables**

		Restated (Note 2)
	<b>December 31, 2020</b>	December 31, 2019
Taxes other than income taxes	<b>1.154.710</b>	1.095.671
Deposits and guarantees taken	<b>513.243</b>	437.508
Dividends payable	<b>619.997</b>	2.031
Other	<b>17.535</b>	14.818
	<b>2.305.485</b>	1.550.028

**d) Other Non-Current Payables**

		Restated (Note 2)
	<b>December 31, 2020</b>	December 31, 2019
Deposits and guarantees taken	<b>4.417</b>	18.435
Other non-current payables	<b>-</b>	1.865
	<b>4.417</b>	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**

	<b>December 31, 2020</b>	December 31, 2019
Finished and trade goods	<b>880.709</b>	645.465
Raw materials	<b>1.071.213</b>	920.957
Work-in-process	<b>220.607</b>	193.898
Packaging materials	<b>181.006</b>	174.795
Supplies	<b>210.477</b>	167.301
Bottles and cases	<b>187.102</b>	183.087
Other	<b>43.702</b>	62.273
Reserve for obsolescence (-)	<b>(86.069)</b>	(90.283)
	<b>2.708.747</b>	2.257.493

The movement of reserve for obsolescence as of December 31, 2020 and 2019 is as follows:

	<b>2020</b>	2019
Balance at January 1	<b>90.283</b>	47.574
Current year provision (Note 26)	<b>35.481</b>	44.240
Provisions no longer required (Note 26)	<b>(20.516)</b>	(11.511)
Inventories written-off	<b>(24.886)</b>	(4.226)
Currency translation differences	<b>5.707</b>	14.206
<b>Balance at December 31</b>	<b>86.069</b>	90.283

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**NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME**

**a) Current Prepaid Expenses**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Prepaid sales expenses	<b>364.112</b>	417.635
Advances given to suppliers	<b>254.651</b>	181.900
Prepaid insurance expenses	<b>16.066</b>	13.021
Prepaid rent expenses	<b>9.792</b>	6.797
Prepaid other expenses	<b>20.429</b>	20.593
	<b>665.050</b>	639.946

**b) Non- current Prepaid Expenses**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Prepaid sales expenses	<b>422.747</b>	320.448
Prepaid rent expenses	<b>20.850</b>	23.329
Advances given to suppliers	<b>20.437</b>	10.469
Prepaid other expenses	<b>20.112</b>	4.567
	<b>484.146</b>	358.813

**c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Advances taken	<b>130.976</b>	44.010
	<b>130.976</b>	44.010

**d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Deferred income	<b>7.531</b>	2.128
	<b>7.531</b>	2.128

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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
	<b>452.073</b>	<b>65.925</b>	<b>2.127</b>	<b>(63.569)</b>	<b>31.877</b>	<b>488.433</b>
<b>Accumulated depreciation(-)</b>						
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
	<b>55.958</b>	<b>124.055</b>	<b>-</b>	<b>(27.828)</b>	<b>8.995</b>	<b>161.180</b>
<b>Net book value</b>	<b>396.115</b>					<b>327.253</b>

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**NOTE 14. RIGHT USE OF ASSET (continued)**

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

<b>Cost</b>	<b>January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>December 31, 2019</b>
Land	26.965	5.596	-	7.964	40.525
Buildings	181.073	57.980	(19.779)	15.905	235.179
Machinery and equipment	12.649	17.958	(25)	1.978	32.560
Vehicles	27.654	145.526	(38.803)	1.388	135.765
Furniture and fixture	5.922	203	(1.054)	92	5.163
Other	614	2.239	-	28	2.881
	<b>254.877</b>	<b>229.502</b>	<b>(59.661)</b>	<b>27.355</b>	<b>452.073</b>
<b>Accumulated depreciation(-)</b>					
Land	-	5.578	-	544	6.122
Buildings	-	35.302	(16.248)	2.562	21.616
Machinery and equipment	-	9.683	(25)	304	9.962
Vehicles	-	42.713	(27.541)	513	15.685
Furniture and fixture	-	2.745	(1.054)	31	1.722
Other	-	843	-	8	851
	-	<b>96.864</b>	<b>(44.868)</b>	<b>3.962</b>	<b>55.958</b>
<b>Net book value</b>	<b>254.877</b>				<b>396.115</b>

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**NOT 15. INVESTMENT PROPERTIES**

For the years ended December 31, 2020 and 2019, movement on investment properties are as follows:

<b>Cost</b>	<b>January 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>(Impairment) / Impairment reversal, net</b>	<b>December 31, 2020</b>
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)	-
	<b>281.183</b>	<b>-</b>	<b>(271.280)</b>	<b>10.104</b>	<b>(9.259)</b>	<b>(10.748)</b>	<b>-</b>

**Accumulated depreciation(-)**

Buildings	<b>135.959</b>	3.631	(139.334)	1.679	(1.661)	(274)	-
	<b>135.959</b>	<b>3.631</b>	<b>(139.334)</b>	<b>1.679</b>	<b>(1.661)</b>	<b>(274)</b>	<b>-</b>
<b>Net book value</b>	<b>145.224</b>						<b>-</b>

<b>Cost</b>	<b>January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Transfers</b>	<b>(Impairment) / Impairment reversal, net</b>	<b>December 31, 2019</b>
Land	24.890	-	-	6.959	5.968	-	37.817
Buildings	188.884	-	-	50.559	2.102	-	241.545
Construction in progress	1.436	-	-	385	-	-	1.821
	<b>215.210</b>	<b>-</b>	<b>-</b>	<b>57.903</b>	<b>8.070</b>	<b>-</b>	<b>281.183</b>

**Accumulated depreciation(-)**

Buildings	<b>101.848</b>	4.936	-	27.748	1.427	-	<b>135.959</b>
	<b>101.848</b>	<b>4.936</b>	<b>-</b>	<b>27.748</b>	<b>1.427</b>	<b>-</b>	<b>135.959</b>
<b>Net book value</b>	<b>113.362</b>						<b>145.224</b>

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**NOTE 16. PROPERTY, PLANT AND EQUIPMENT**

For the year ended December 31, 2020 movement on property, plant and equipment are as follows:

<b>Cost</b>	<b>January 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>(Impairment) / Impairment reversal, net</b>	<b>Transfers (*)</b>	<b>December 31, 2020</b>
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
	<b>22.015.518</b>	<b>1.628.518</b>	<b>(1.300.457)</b>	<b>1.681.461</b>	<b>-</b>	<b>(30.670)</b>	<b>23.994.370</b>

  

<b>Accumulated depreciation and impairment (-)</b>	<b>January 1, 2019</b>	<b>Additions (**)</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Impairment / (Impairment reversal), net</b>	<b>Transfers (*)</b>	<b>December 31, 2020</b>
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
	<b>10.008.997</b>	<b>1.846.157</b>	<b>(1.191.269)</b>	<b>740.711</b>	<b>9.626</b>	<b>(11.918)</b>	<b>11.402.304</b>
<b>Net book value</b>	<b>12.006.521</b>						<b>12.592.066</b>

(\*) 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 CCI. 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.

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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
	<b>18.779.142</b>	<b>1.720.604</b>	<b>(728.513)</b>	<b>2.324.094</b>	<b>-</b>	<b>(79.809)</b>	<b>22.015.518</b>

  

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
	<b>8.025.710</b>	<b>1.576.449</b>	<b>(592.468)</b>	<b>983.868</b>	<b>36.864</b>	<b>(21.426)</b>	<b>10.008.997</b>
<b>Net book value</b>	<b>10.753.432</b>						<b>12.006.521</b>

(\*) 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.



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**NOTE 17. INTANGIBLE ASSETS**

**a) Other Intangible Assets**

For the year ended December 31, 2020 movements of intangible assets are as follows:

<b>Cost</b>	<b>January 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>(Impairment) / Impairment reversal, net</b>	<b>Transfers</b>	<b>December 31,2020</b>
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
<b>Accumulated amortization and impairment (-)</b>	<b>January 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Impairment / (Impairment reversal), net</b>	<b>Transfers</b>	<b>December 31,2020</b>
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
<b>Net book value</b>	<b>16.302.843</b>						<b>17.167.708</b>

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**NOTE 17. INTANGIBLE ASSETS (continued)**

**a) Other Intangible Assets (continued)**

For the year ended December 31, 2019 movements of intangible assets are as follows:

<b>Cost</b>	<b>January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>(Impairment) / Impairment reversal, net</b>	<b>Transfers</b>	<b>December 31, 2019</b>
Bottling contracts	9.226.672	-	-	577.136	-	-	<b>9.803.808</b>
Licence agreements	4.666.970	-	-	1.163.649	-	-	<b>5.830.619</b>
Brands (*)	713.819	-	-	154.932	-	-	<b>868.751</b>
Rights	57.960	2.993	-	12.585	-	104.461	<b>177.999</b>
Construction in progress	-	40.821	-	-	-	19.365	-
Other intangible assets	294.368	59.097	(97.999)	35.967	-	(36.871)	<b>254.562</b>
	<b>14.959.789</b>	<b>102.911</b>	<b>(97.999)</b>	<b>1.944.269</b>	<b>-</b>	<b>86.955</b>	<b>16.995.925</b>
<b>Accumulated amortization and impairment (-)</b>	<b>January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Currency translation differences</b>	<b>Impairment / (Impairment reversal), net</b>	<b>Transfers</b>	<b>December 31,2019</b>
Bottling contracts	-	-	-	-	-	-	-
Licence agreements	308.402	-	-	2.250	64.407	-	375.059
Brands	111.704	-	-	13.341	-	-	125.045
Rights	47.477	27.504	-	3.769	-	-	78.750
Construction in progress	-	-	-	-	-	-	-
Other intangible assets	148.668	31.467	(86.091)	20.184	-	-	114.228
	<b>616.251</b>	<b>58.971</b>	<b>(86.091)</b>	<b>39.544</b>	<b>64.407</b>	<b>-</b>	<b>693.082</b>
<b>Net book value</b>	<b>14.343.538</b>						<b>16.302.843</b>

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**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
<b>At December 31</b>	<b>3.299.250</b>	<b>3.221.352</b>

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

	Turkey Beer	International Beer	Soft Drinks	Other	Total
<b>2020</b>	<b>50.099</b>	<b>2.246.979</b>	<b>1.002.172</b>	<b>-</b>	<b>3.299.250</b>
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 <sup>(1)</sup>	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 <sup>(2)</sup>	731.142	24.649	-	78.431	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-
<b>Total</b>	<b>2.174.780</b>	<b>167.791</b>	<b>4.781</b>	<b>133.369</b>	<b>1.134.713</b>	<b>5.844.193</b>	<b>207.553</b>
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.

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**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 <sup>(1)</sup>	719.515	-	54.998	48.182	-	1.376.939	19.563
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-
D. Other GPMs	19.457	19.457	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above <sup>(2)</sup>	19.457	19.457	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-
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.

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**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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Social security and withholding tax liabilities	<b>70.799</b>	52.420
Wages payable	<b>43.473</b>	29.535
	<b>114.272</b>	81.955

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**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:

	<b>December 31, 2020</b>	December 31, 2019
Management bonus accrual	<b>52.922</b>	40.999
Other short-term employee benefits	<b>47.942</b>	30.881
Provision for vacation pay liability	<b>38.604</b>	43.344
	<b>139.468</b>	115.224

As of December 31, 2020 and 2019, the movement of provision for vacation pay liability is as below:

	<b>2020</b>	2019
Balance at January 1	<b>43.344</b>	36.642
Payments and used vacations	<b>(16.139)</b>	(13.355)
Current year provision	<b>9.667</b>	13.865
Currency translation differences	<b>1.732</b>	6.192
	<b>38.604</b>	43.344

As of December 31, 2020 and 2019, the movement of management bonus accruals is as below:

	<b>2020</b>	2019
Balance at January 1	<b>40.999</b>	41.728
Payments	<b>(110.211)</b>	(116.160)
Current year provision	<b>120.600</b>	111.596
Currency translation differences	<b>1.534</b>	3.835
	<b>52.922</b>	40.999

**b) Long Term Provision for Employee Benefits**

	<b>December 31, 2020</b>	December 31, 2019
Employment termination benefits	<b>217.509</b>	177.627
Long term incentive plans	<b>12.858</b>	10.808
	<b>230.367</b>	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%).

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**NOTE 20. CURRENT AND NON-CURRENT PROVISIONS (continued)**

**b) Long Term Provision for Employee Benefits (continued)**

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

	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
	<b>217.509</b>	<b>177.627</b>

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)
	<b>12.858</b>	<b>10.808</b>

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
<b>Balance at December 31</b>	<b>35.074</b>	<b>54.443</b>

**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
	<b>457.722</b>	<b>465.909</b>

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**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
	<b>821</b>	<b>6.113</b>

**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
	<b>508.024</b>	<b>213.122</b>

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
	<b>3.284</b>	<b>211.759</b>

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.



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**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

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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
<b>Revenue</b>	<b>26.742.693</b>	<b>23.076.564</b>
<b>Cost of Sales</b>		
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)
<b>Total cost of sales</b>	<b>(16.799.303)</b>	<b>(14.320.243)</b>
<b>Gross Profit</b>	<b>9.943.390</b>	<b>8.756.321</b>

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)
	<b>(2.057.227)</b>	<b>(1.770.749)</b>

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)
	<b>(5.210.101)</b>	<b>(4.908.553)</b>

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

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**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**

	2020	Restated (Note 2) 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 <sup>(*)</sup>	(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.

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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)

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**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 liabilities 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:

	2020	2019
		Restated (Note 2)
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:

	2020	2019
		Restated (Note 2)
<b>Consolidated profit before tax</b>	<b>2.066.950</b>	1.957.862
Effect of associate income net off tax	249.004	123.732
<b>Consolidated profit before tax (excluding effect of associate income net off tax)</b>	<b>2.315.954</b>	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
Deferred 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)

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**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)
	<b>(2.315.158)</b>	<b>(2.437.160)</b>

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)
	<b>1.342.872</b>	<b>1.132.756</b>	<b>(3.658.030)</b>	<b>(3.569.916)</b>	<b>(2.315.158)</b>	<b>(2.437.160)</b>

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)
<b>Balance at December 31</b>	<b>(2.315.158)</b>	<b>(2.437.160)</b>

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).

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**NOTE 30. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Weighted average number of shares (full value)	<b>592.105.263</b>	592.105.263
Net income/ (loss) for the owners of parent	<b>814.759</b>	1.034.162
Earnings/ (losses) per share (full TRL)	<b>1,3760</b>	1,7466
Net income/ (loss) for the owners of parent	<b>814.759</b>	1.034.162
Net income/ (loss) from discontinued operations	<b>(3.964)</b>	3.006
Net income/ (loss) from continuing operations	<b>818.723</b>	1.031.156
Earning/ (losses) from continuing operations (full TRL)	<b>1,3827</b>	1,7415
Net income/ (loss) from discontinued operations	<b>(3.964)</b>	3.006
Earning/ (losses) from discontinued operations (full TRL)	<b>(0,0067)</b>	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.

	<b>2020</b>	<b>2019</b>
Revenue	<b>60.618</b>	237.247
Cost of Sales	<b>(63.274)</b>	(211.598)
Sales, Distribution and Marketing Expenses	<b>(1.054)</b>	(21.819)
<b>Profit (Loss) from Discontinued Operations Before Tax</b>	<b>(3.710)</b>	3.830
Tax (Expense) / Income from Discontinued Operations	<b>(254)</b>	(824)
<b>Profit / (Loss) from Discontinued Operations</b>	<b>(3.964)</b>	3.006

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**NOTE 32. RELATED PARTY BALANCES AND TRANSACTIONS**

**a) Related Parties Balances**

**Due from Related Parties**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Migros Group Companies <sup>(2)</sup>	<b>241.021</b>	230.936
AB InBev Group Companies <sup>(3)</sup>	<b>174.757</b>	125.960
AG Anadolu Grubu Holding A.Ş. <sup>(1) (*)</sup>	<b>32.909</b>	48.697
Other	<b>8.781</b>	9.263
	<b>457.468</b>	414.856

**Due to Related Parties**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
AB InBev Group Companies <sup>(3)</sup>	<b>557.589</b>	473.482
Oyex Handels GmbH <sup>(2)</sup>	<b>10.687</b>	8.277
Other	<b>770</b>	4.545
	<b>569.046</b>	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**

	<b>Nature of transaction</b>	<b>2020</b>	<b>2019</b>
Ab InBev Group Companies <sup>(3)</sup>	Service and Purchase of Trade Goods	<b>183.738</b>	162.712
Anadolu Efes Spor Kulübü	Service	<b>103.500</b>	110.750
Oyex Handels GmbH <sup>(2)</sup>	Purchase of Materials and Fixed Assets	<b>50.765</b>	44.605
AG Anadolu Grubu Holding A.Ş. <sup>(1)</sup>	Consultancy Service	<b>44.571</b>	46.756
Çelik Motor Ticaret A.Ş. <sup>(2)</sup>	Vehicle Leasing	<b>904</b>	5.151
Efestur Turizm İşletmeleri A.Ş. <sup>(2)</sup>	Travel and Accommodation	<b>4.837</b>	14.893
Anadolu Bilişim Hizmetleri A.Ş. <sup>(2)</sup>	Information Service	-	1.728
Other		<b>6.347</b>	18.535
		<b>394.662</b>	405.130



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**NOTE 32. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

**Finance Income and Expense**

	<b>Nature of transaction</b>	<b>2020</b>	<b>2019</b>
Brandbev SARL <sup>(3)</sup>	Interest expense	-	(35.625)
AG Anadolu Grubu Holding A.Ş. <sup>(1)</sup>	Interest income from subleases	<b>7.252</b>	10.166
Çelik Motor Ticaret A.Ş. <sup>(2)</sup>	Interest expense from leases	<b>(277)</b>	(806)
		<b>6.975</b>	(26.265)

**Revenue and Other Income / (Expenses), Net**

	<b>Nature of transaction</b>	<b>2020</b>	<b>2019</b>
Migros Group Companies <sup>(2)</sup>	Sales Income	<b>808.764</b>	788.096
Ab Inbev Group Companies <sup>(3)</sup>	Other Income	<b>73.846</b>	54.560
Other	Other Income	<b>168</b>	2.439
		<b>882.778</b>	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:

	<b>2020</b>		<b>2019</b>	
	<b>Board of Directors</b>	<b>Executive Directors</b>	Board of Directors	Executive Directors
Short-term employee benefits	<b>547</b>	<b>72.658</b>	484	45.383
Other long-term benefits	-	<b>6.630</b>	-	5.052
	<b>547</b>	<b>79.288</b>	484	50.435

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**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
<b>Financial instruments with fixed interest rate</b>		
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)
<b>Financial instruments with floating interest rate</b>		
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
<b>Total</b>	<b>1.979</b>	<b>2.859</b>

**b) Foreign Currency Risk**

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments Note 6 Group's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

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**NOTE 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:

<b>Foreign Currency Position Table</b>						
<b>December 31, 2020</b>						
	<b>Total TRL Equivalent</b>	<b>Thousand USD</b>	<b>Total TRL Equivalent</b>	<b>Thousand EURO</b>	<b>Total TRL Equivalent</b>	<b>Other Foreign Currency TRL</b>
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
<b>4. Current Assets (1+2+3)</b>	<b>3.813.444</b>	<b>469.502</b>	<b>3.446.377</b>	<b>34.113</b>	<b>307.292</b>	<b>59.775</b>
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	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>3.804</b>	<b>479</b>	<b>3.516</b>	<b>32</b>	<b>288</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>3.817.248</b>	<b>469.981</b>	<b>3.449.893</b>	<b>34.145</b>	<b>307.580</b>	<b>59.775</b>
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)	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>(2.109.253)</b>	<b>(148.183)</b>	<b>(1.087.740)</b>	<b>(107.165)</b>	<b>(965.333)</b>	<b>(56.180)</b>
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)	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>(7.644.114)</b>	<b>(972.285)</b>	<b>(7.137.062)</b>	<b>(56.285)</b>	<b>(507.010)</b>	<b>(42)</b>
<b>18. Total Liabilities (13+17)</b>	<b>(9.753.367)</b>	<b>(1.120.468)</b>	<b>(8.224.802)</b>	<b>(163.450)</b>	<b>(1.472.343)</b>	<b>(56.222)</b>
<b>19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)</b>	<b>6.014.248</b>	<b>819.324</b>	<b>6.014.248</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Total Hedged Assets (*)</b>	<b>6.014.248</b>	<b>819.324</b>	<b>6.014.248</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Total Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset / (Liability) Position (9+18+19)</b>	<b>78.129</b>	<b>168.837</b>	<b>1.239.339</b>	<b>(129.305)</b>	<b>(1.164.763)</b>	<b>3.553</b>
<b>21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(5.614.072)</b>	<b>(605.844)</b>	<b>(4.447.201)</b>	<b>(129.928)</b>	<b>(1.170.376)</b>	<b>3.505</b>
<b>22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position</b>	<b>(162.392)</b>	<b>(31.131)</b>	<b>(228.515)</b>	<b>7.341</b>	<b>66.123</b>	<b>-</b>
<b>23. Total value of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Foreign Currency Position Table</b>						
<b>December 31, 2019</b>						
	<b>Total TRL Equivalent</b>	<b>Thousand USD</b>	<b>Total TRL Equivalent</b>	<b>Thousand EURO</b>	<b>Total TRL Equivalent</b>	<b>Other Foreign Currency TRL</b>
1. Trade Receivables and Due from Related Parties	171.337	19.874	118.057	7.358	48.938	4.342
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.921.549	307.788	1.828.324	10.004	66.533	26.692
2b. Non- monetary Financial Assets	160.168	24.429	145.111	2.264	15.057	-
3. Other Current Assets and Receivables	25.500	-	-	3.834	25.500	-
<b>4. Current Assets (1+2+3)</b>	<b>2.278.554</b>	<b>352.091</b>	<b>2.091.492</b>	<b>23.460</b>	<b>156.028</b>	<b>31.034</b>
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>2.278.554</b>	<b>352.091</b>	<b>2.091.492</b>	<b>23.460</b>	<b>156.028</b>	<b>31.034</b>
10. Trade Payables and Due to Related Parties	(1.038.947)	(102.564)	(609.249)	(57.671)	(383.549)	(46.149)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.263.835)	(132.434)	(786.686)	(71.744)	(477.141)	(8)
12a. Monetary Other Liabilities	(8.013)	(974)	(5.785)	(335)	(2.228)	-
12b. Non-monetary Other Liabilities	(14.019)	(2.360)	(14.019)	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>(2.324.814)</b>	<b>(238.332)</b>	<b>(1.415.739)</b>	<b>(129.750)</b>	<b>(862.918)</b>	<b>(46.157)</b>
14. Trade Payables and Due to Related Parties	(9.973)	-	-	(1.499)	(9.969)	(4)
15. Long-Term Borrowings	(6.574.241)	(971.939)	(5.773.513)	(120.393)	(800.686)	(42)
16 a. Monetary Other Liabilities	(209.204)	(35.218)	(209.204)	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>(6.793.420)</b>	<b>(1.007.157)</b>	<b>(5.982.719)</b>	<b>(121.892)</b>	<b>(810.655)</b>	<b>(46)</b>
<b>18. Total Liabilities (13+17)</b>	<b>(9.118.234)</b>	<b>(1.245.489)</b>	<b>(7.398.458)</b>	<b>(251.642)</b>	<b>(1.673.573)</b>	<b>(46.203)</b>
<b>19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)</b>	<b>4.973.484</b>	<b>781.279</b>	<b>4.640.954</b>	<b>50.000</b>	<b>332.530</b>	<b>-</b>
<b>19a. Total Hedged Assets (*)</b>	<b>4.973.484</b>	<b>781.279</b>	<b>4.640.954</b>	<b>50.000</b>	<b>332.530</b>	<b>-</b>
<b>19b. Total Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset / (Liability) Position (9+18+19)</b>	<b>(1.866.196)</b>	<b>(112.119)</b>	<b>(666.012)</b>	<b>(178.181)</b>	<b>(1.185.015)</b>	<b>(15.169)</b>
<b>21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(7.011.327)</b>	<b>(915.467)</b>	<b>(5.438.056)</b>	<b>(234.280)</b>	<b>(1.558.102)</b>	<b>(15.169)</b>
<b>22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position</b>	<b>(3.708)</b>	<b>(573)</b>	<b>(3.403)</b>	<b>-</b>	<b>-</b>	<b>(305)</b>
<b>23. Total value of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

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NOTE 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 <sup>(c)</sup>		December 31, 2019 <sup>(c)</sup>	
	Income / (Loss)			
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
<b>Increase / decrease in USD by 10%:</b>				
USD denominated net asset / (liability)	(444.720)	444.720	(543.806)	543.806
USD denominated hedging instruments (-)	601.425	(601.425)	464.095	(464.095)
<b>Net effect in USD</b>	<b>156.705</b>	<b>(156.705)</b>	<b>(79.711)</b>	<b>79.711</b>
<b>Increase / decrease in EURO by 10%:</b>				
EURO denominated net asset / (liability)	(117.038)	117.038	(155.810)	155.810
EURO denominated hedging instruments (-)	-	-	33.253	(33.253)
<b>Net effect in EURO</b>	<b>(117.038)</b>	<b>117.038</b>	<b>(122.557)</b>	<b>122.557</b>
<b>Increase / decrease in other foreign currencies by 10%:</b>				
Other foreign currency denominated net asset / (liability)	350	(350)	(1.517)	1.517
Other foreign currency hedging instruments (-)	-	-	-	-
<b>Net effect in other foreign currency</b>	<b>350</b>	<b>(350)</b>	<b>(1.517)</b>	<b>1.517</b>
<b>TOTAL</b>	<b>40.017</b>	<b>(40.017)</b>	<b>(203.785)</b>	<b>203.785</b>

(\*) 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, CCI 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)).

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**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	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
<b>Contractual maturities</b>						
Financial liabilities	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	-	-	-
<b>Total</b>	<b>18.777.781</b>	<b>20.186.188</b>	<b>6.812.169</b>	<b>3.154.690</b>	<b>10.069.152</b>	<b>150.178</b>

2019	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
<b>Contractual maturities</b>						
Financial liabilities	10.103.990	11.909.417	1.195.006	1.530.481	9.127.694	56.236
Financial leasing borrowings	446.051	693.097	37.978	125.994	166.199	362.926
Trade payable and due to related parties	5.370.042	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	-	-	-
<b>Total</b>	<b>16.225.261</b>	<b>18.277.734</b>	<b>5.538.231</b>	<b>2.745.321</b>	<b>9.569.330</b>	<b>424.852</b>

**e) Price Risk**

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

**f) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

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

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

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**NOTE 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:

Current Year	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
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	-	-	-

Prior Year	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
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.

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**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.

<b>Current Year</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at fair value</b>			
Derivative financial instruments (Note 8)	-	6.697	-
<b>Financial liabilities at fair value</b>			
Derivative financial instruments (Note 8)	-	(291.700)	-
Put option liabilities (Note 21)	17.324	-	313.961
<b>Prior Year</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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.

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**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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2020**

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

**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<sup>th</sup> 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<sup>rd</sup>, 2021 for a total sales value of TRL 60.000 excluding VAT.

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