

Coca-Cola İecek Anonim Őirketi and Its Subsidiaries

**Interim Condensed Consolidated Financial
Statements as of March 31, 2020**

**(Convenience Translation of Interim Condensed Consolidated Financial
Statements and Footnotes Originally Issued in Turkish)**

(Convenience Translation of Consolidated Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Interim Condensed Consolidated Financial Statements as of March 31, 2020

	<u>Pages</u>
Condensed Consolidated Interim Statement of Financial Position	1-2
Condensed Consolidated Interim Statement of Profit or Loss	3
Condensed Consolidated Interim Statement of Other Comprehensive Income	4
Condensed Consolidated Interim Statement of Change in Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to Interim Condensed Consolidated Financial Statements	7-36

Coca-Cola İçecek Anonim Şirketi

Condensed Consolidated Interim Statement of Financial Position as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Unaudited	Audited
	Notes	March 31, 2020	December 31, 2019
ASSETS			
Cash and Cash Equivalents	4	2.608.782	2.822.808
Investments in Securities	5	436.522	109.962
Trade Receivables		1.230.571	909.595
- Due from related parties	24	242.346	209.794
- Other trade receivables from third parties		988.225	699.801
Other Receivables	8	29.270	27.055
- Other receivables from third parties		29.270	27.055
Derivative Financial Instruments	6	12.544	2.759
Inventories		1.144.355	871.565
Prepaid Expenses	9	244.786	230.971
Current Income Tax Assets		194.609	207.536
Other Current Assets	17	280.842	282.676
- Other current assets from third parties		280.842	282.676
Assets Held for Sale and Discontinued Operations	21	5.995	-
Total Current Assets		6.188.276	5.464.927
Other Receivables		39.620	38.512
- Other receivables from third parties		39.620	38.512
Property, Plant and Equipment	11	7.045.316	6.899.240
Intangible Assets		3.044.626	3.018.243
- Goodwill	13	848.302	843.828
- Other intangible assets	12	2.196.324	2.174.415
Right of Use Asset	11	192.765	194.371
Prepaid Expenses	9	247.330	243.400
Deferred Tax Assets	22	159.556	101.062
Other Non-Current Assets	6	38	-
Total Non-Current Assets		10.729.251	10.494.828
Total Assets		16.917.527	15.959.755

The explanatory notes form an integral part of these interim condensed consolidated financial statements

Coca-Cola İçecek Anonim Şirketi**Condensed Consolidated Interim Statement of Financial Position as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Unaudited	Audited
	Notes	March 31, 2020	December 31, 2019
LIABILITIES			
Short-term Borrowings	7	750.345	447.244
- Bank borrowings		748.424	445.370
- Finance lease payables		1.921	1.874
Current Portion of Long-term Borrowings	7	727.293	1.045.955
- Bank borrowings		674.018	996.305
- Finance lease payables		53.275	49.650
Trade Payables		1.933.026	1.481.248
- Due to related parties	24	631.291	437.117
- Other trade payables to third parties		1.301.735	1.044.131
Payables Related to Employee Benefits		41.817	44.548
Other Payables	8	509.348	373.311
- Other payables to third parties		509.348	373.311
Derivative Financial Instruments	6	20.717	3.704
Provision for Corporate Tax		31.169	20.229
Current Provisions		69.205	58.512
- Current provisions for employee benefits		69.205	58.512
Other Current Liabilities	17	58.244	61.349
Liabilities Held for Sale and Discontinued Operations	21	508	-
Total Current Liabilities		4.141.672	3.536.100
Long-term Borrowings	7	4.279.366	3.998.243
- Bank borrowings		4.108.833	3.825.175
- Lease payables		170.533	172.592
- Finance lease payables		-	476
Trade Payables		61.704	66.233
- Due to related parties	24	57.439	61.059
- Other trade payables to third parties		4.265	5.174
Non-Current Provisions		119.702	118.421
- Non-current provisions for employee benefits		119.702	118.421
Deferred Tax Liability	22	676.148	662.205
Other Non-Current Liabilities	17	229.483	209.204
Derivative Financial Instruments	6	178	-
Total Non-Current Liabilities		5.366.581	5.054.306
Equity of the Parent		6.542.627	6.515.034
Share Capital	18	254.371	254.371
Share Capital Adjustment Differences	18	(8.559)	(8.559)
Share Premium		214.241	214.241
Non-Controlling Interest Put Option Valuation Fund		(4.748)	(4.748)
Other comprehensive income items not to be reclassified to profit or loss		(17.763)	(17.763)
- Actuarial gains / losses		(27.545)	(27.545)
- Other valuation funds		9.782	9.782
Other comprehensive income items to be reclassified to profit or loss		3.175.732	3.275.125
- Currency translation adjustment		3.748.107	3.699.139
- Cash flow hedge reserve		(572.375)	(424.014)
Restricted Reserves Allocated from Net Profit	18	184.044	184.044
Accumulated Profit / Loss		2.618.323	1.652.554
Net Income / (Loss) for the period		126.986	965.769
Non-Controlling Interest		866.647	854.315
Total Equity		7.409.274	7.369.349
Total Liabilities		16.917.527	15.959.755

The explanatory notes form an integral part of these interim condensed consolidated financial statements

Coca-Cola İçecek Anonim Şirketi**Condensed Consolidated Interim Statement of Profit or Loss for the three months ended as of March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Unaudited	
		January 1 – March 31, 2020	January 1 – March 31, 2019
Net Revenue		2.621.600	2.173.596
Cost of Sales (-)		(1.774.632)	(1.480.767)
Gross Profit / (Loss)		846.968	692.829
General and Administration Expenses (-)		(148.360)	(114.321)
Distribution, Selling and Marketing Expenses (-)		(494.768)	(422.414)
Other Operating Income	19	54.299	17.782
Other Operating Expense (-)	19	(76.447)	(34.058)
Profit / (Loss) From Operations		181.692	139.818
Gain from Investing Activities	19	1.608	2.032
Loss from Investing Activities (-)	19	(5.302)	(1.570)
Gain / (Loss) from Joint Ventures	10	(1.611)	(98)
Profit / (Loss) Before Financial Income / (Expense)		176.387	140.182
Financial Income / (Expense)		(20.081)	(116.909)
Financial Income	20	285.581	122.636
Financial Expenses (-)	20	(305.662)	(239.545)
Profit / (Loss) Before Tax from Continuing Operations		156.306	23.273
Tax Expense of Continuing Operations		(59.466)	(67.247)
Deferred Tax Income / Expense (-)	22	69.359	2.648
Current Period Tax Expense (-)		(128.825)	(69.895)
Net Profit / (Loss) from Continuing Operations		96.840	(43.974)
Net Profit / (Loss) from Discontinuing Operations	21	(2.441)	730
Attributable to:			
Non-controlling interest		(32.587)	(40.649)
Equity holders of the parent	23	126.986	(2.595)
Net Profit / (Loss)		94.399	(43.244)
Equity Holders Earnings Per Share (full TL)	23	0,00499	(0,00010)
Equity Holders Earnings Per Share from Continuing Operations (full TL)	23	0,00509	(0,00013)
Equity Holders Earnings Per Share from Discontinuing Operations (full TL)	23	(0,00010)	0,00003

The explanatory notes form an integral part of these interim condensed consolidated financial statements

Coca-Cola İçecek Anonim Şirketi
Condensed Consolidated Interim Statement of Other Comprehensive Income for the three
months ended as of March 31, 2020
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Unaudited	
	January 1 – March 31, 2020	January 1 – March 31, 2019
Profit for the year	94.399	(43.244)
Cash flow hedge reserve	(190.091)	(88.012)
Deferred tax effect	41.730	19.491
Currency translation adjustment	93.887	433.763
Other comprehensive income items to be reclassified to profit or loss subsequently	(54.474)	365.242
Total of Other Comprehensive Income After Tax	39.925	321.998
Attributable to:		
Non-controlling interest	12.332	14.145
Equity holders of the parent	27.593	307.853

The explanatory notes form an integral part of these interim condensed consolidated financial statements.

(Convenience Translation of Consolidated Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Condensed Consolidated Interim Statement of Change in Equity for the three months ended March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

					Other comprehensive income and expense items										
					Non-Controlling Interest	Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Consolidated Statement of Changes in Shareholders' Equity	Share Capital	Share Capital Adjustment Differences	Share Premium	Put Option Valuation Fund	Other Valuation Funds	Actuarial Gains / Losses	Cash Flow Hedge Reserve	Currency Translation Adjustment	Restricted Reserves Allocated from Net Profit	Accumulated Profit / Loss	Net Income	Total Equity of the Parent	Non-Controlling Interest	Total Equity	
January 1, 2019	254.371	(8.559)	214.241	(4.748)	9.782	(20.029)	(144.984)	3.161.714	155.300	1.660.270	321.186	5.598.544	825.546	6.424.090	
Other comprehensive income/(loss)	-	-	-	-	-	-	(68.521)	378.969	-	321.186	(321.186)	310.448	54.794	365.242	
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	(2.595)	(2.595)	(40.649)	(43.244)	
Total Comprehensive Income / (loss)	-	-	-	-	-	-	(68.521)	378.969	-	321.186	(323.781)	307.853	14.145	321.998	
Increase (Decrease) from Other Changes (*)	-	-	-	(2.447)	-	-	-	-	-	-	-	(2.447)	2.447	-	
March 31, 2019	254.371	(8.559)	214.241	(7.195)	9.782	(20.029)	(213.505)	3.540.683	155.300	1.981.456	(2.595)	5.903.950	842.138	6.746.088	
January 1, 2020	254.371	(8.559)	214.241	(4.748)	9.782	(27.545)	(424.014)	3.699.139	184.044	1.652.554	965.769	6.515.034	854.315	7.369.349	
Other comprehensive income/(loss)	-	-	-	-	-	-	(148.361)	48.968	-	965.769	(965.769)	(99.393)	44.919	(54.474)	
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	126.986	126.986	(32.587)	94.399	
Total Comprehensive Income / (loss)	-	-	-	-	-	-	(148.361)	48.968	-	965.769	(838.783)	27.593	12.332	39.925	
Increase (Decrease) from Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
March 31, 2020	254.371	(8.559)	214.241	(4.748)	9.782	(27.545)	(572.375)	3.748.107	184.044	2.618.323	126.986	6.542.627	866.647	7.409.274	

(*) Non-controlling interest share put option liability

The explanatory notes form an integral part of these interim condensed consolidated financial statements

(Convenience Translation of Consolidated Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Condensed Consolidated Interim Statement of Cash Flows for the three months ended March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Unaudited	
	Notes	January 1, March 31, 2020	January 1, March 31, 2019
Profit for the year from continuing operations		96.840	(43.974)
Profit for the year from discontinuing operations	21	(2.441)	730
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		312.601	379.587
Depreciation and amortization		184.242	163.530
Adjustments for impairment loss (reversal)		2.891	(161)
- Provision / (reversal) for doubtful receivable		4.163	(91)
- Provision / (reversal) for inventories		(6.574)	(1.640)
- Impairment loss / (reversal) in property, plant and equipment	11, 19	5.302	1.570
Adjustments for provisions		42.600	33.802
- Provision / (reversal) for employee benefits		42.600	33.802
Adjustments for interest (income) expenses		55.363	38.543
- Interest income	20	(30.958)	(41.255)
- Interest expense	20	86.321	79.798
Adjustments for fair value of derivative instruments		5.350	
Unrealized foreign exchange (gain) / loss		(42.281)	75.231
(Gain) / loss from joint ventures	10	1.611	98
Income tax expense		59.521	67.441
(Gain) / loss on sale of property, plant and equipment	19	(1.608)	(2.032)
Interest expense of lease payables		4.912	3.135
Change in operating activities		(146.949)	(145.112)
Adjustments for decrease (increase) in trade accounts receivable		(325.139)	(371.850)
- Increase / (decrease) on trade receivables		(32.552)	(34.148)
- Increase / (decrease) on due from related parties		(292.587)	(337.702)
Change in inventories		(272.212)	(308.102)
Adjustments for increase (decrease) in trade accounts payable		450.402	534.840
- Increase / (decrease) on trade payables		190.553	141.238
- Increase / (decrease) on due to related parties		259.849	393.602
Cash flows from operating activities:		260.051	191.231
Interest paid	7	(123.045)	(97.313)
Interest received		38.629	41.255
Payments made for employee benefits		(34.274)	(25.628)
Tax returns / (payments)		(79.504)	(35.207)
Change in other working capital		139.298	2.359
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		201.155	76.697
Cash outflows arising from purchase of property, plant, equipment and intangible assets		(155.253)	(178.964)
- Purchase of property, plant and equipment	11	(147.920)	(178.256)
- Purchase of intangibles	12	(7.333)	(708)
Proceeds from sale of property, plant and equipment and intangibles		5.349	4.384
Change in other investing activities		(326.560)	(50.560)
B. NET CASH USED IN INVESTING ACTIVITIES		(476.464)	(225.140)
Change in lease payables		(16.238)	(9.142)
Proceeds from borrowings	7	905.944	514.372
Repayments of borrowings	7	(1.014.243)	(468.097)
Cash flow hedge reserve		-	5.117
C. NET CASH USED IN FINANCING ACTIVITIES		(124.537)	42.250
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		(399.846)	(106.193)
Effects of currency translation on cash and cash equivalents		184.214	18.769
Effects of currency translation intercompany borrowings		37.981	25.719
Currency translation adjustment		(36.375)	(24.019)
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		185.820	20.469
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		(214.026)	(85.724)
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	2.822.808	2.289.734
CASH AND CASH EQUIVALENTS AT YEAR END (A+B+C+D+E)	4	2.608.782	2.204.010

The explanatory notes form an integral part of these interim condensed consolidated financial statements

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES

General

Coca-Cola İçecek Anonim Şirketi ("CCI" - "the Company"), is the bottler and distributor of alcohol-free beverages in Turkey, Pakistan, Central Asia and the Middle East. The operations of the Company consist of production, sales and distribution of sparkling and still beverages with The Coca-Cola Company ("TCCC") trademarks. The Company has 10 (2019 - 10) production facilities in different regions of Turkey and operates 16 (2019 - 16) production facilities in countries other than Turkey. The registered office address of CCI is OSB Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey.

The Group consists of the Company, its subsidiaries and joint ventures.

The interim condensed consolidated financial statements of the Group were approved for issue by the Board of Directors on May 5, 2020, which were signed by the Audit Committee and Chief Executive Officer Burak Başarır. The General Assembly and the regulatory bodies have the right to make amendments to the interim condensed consolidated financial statements after their issuance.

Shareholders of the Company

AG Anadolu Grubu Holding A.Ş. is the ultimate controlling party of the Company. As of March 31, 2020, and December 31, 2019 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	March 31, 2020		December 31, 2019	
	Nominal Amount	Percentage	Nominal Amount	Percentage
Anadolu Efes Biracılık ve Malt Sanayi A.Ş. ("Anadolu Efes")	102.047	40,12%	102.047	40,12%
The Coca-Cola Export Corporation ("TCCEC")	51.114	20,09%	51.114	20,09%
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa")	25.788	10,14%	25.788	10,14%
Özgörkey Holding A.Ş.	4.788	1,88%	4.788	1,88%
Publicly Traded	70.634	27,77%	70.634	27,77%
	254.371	100,00%	254.371	100,00%
Inflation Restatement Effect	(8.559)	-	(8.559)	-
	245.812		245.812	

Özgörkey Holding A.Ş. shares with a nominal value of TL 1.578 has been listed to Central Registry Agency, with a sale purpose (December 31, 2019 - TL 1.578).

Nature of Activities of the Group

CCI and its subsidiary Coca-Cola Satış ve Dağıtım A.Ş. ("CCSD") are among the leading bottlers and distributors of alcohol-free beverages, operating in Turkey. The sole operation area of the Company is the production, sales and distribution of sparkling and still beverages.

The Company has exclusive rights to produce, sell and distribute TCCC branded beverages including Coca-Cola, Coca-Cola Zero, Coca-Cola Zero Sugar, Coca-Cola Light, Fanta, Sprite, Cappy, Sen Sun, Powerade and Fuse Tea in TCCC authorized packages throughout Turkey provided by Bottler's and Distribution Agreements signed between the Group with TCCEC and TCCC. Renewal periods of the signed Bottler's and Distribution Agreements varies between 2018 and 2028.

The Company has exclusive rights to produce, sell and distribute Burn and Gladiator branded energy drinks in authorized packages throughout Turkey, according to the Bottlers Agreements signed between the Company and Monster Energy Company ("MEC") and has the right for selling and distribution of Monster branded products in accordance with the International Distribution Agreement signed with Monster Energy Limited ("MEL") which has taken over TCCC's global energy drink portfolio and is partially owned by TCCC as well.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

According to the Sales and Distribution Agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("Doğadan"), a subsidiary of TCCC, it's approved that sales and distribution of Doğadan products will be realized by CCSD throughout Turkey starting from September 2008.

The Company's international subsidiaries and joint ventures operating outside of Turkey are also engaged in the production, sales and distribution of sparkling and still beverages with TCCC trademarks.

The Company's subsidiary Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye"), which was acquired by CCI on March 16, 2006, is engaged in the production and filling of natural spring water Damla, a registered trademark of CCI, with TCCC approved packages, in Turkey.

The Group has the exclusive bottling and distribution rights in Turkey for Schweppes branded beverages under Bottler's and Distribution Agreement signed with Schweppes Holdings Limited. Special authorization for the Group operating countries, other than Turkey, may be granted from time to time.

Subsidiaries and Joint Ventures

As of March 31, 2020, and December 31, 2019 the list of CCI's subsidiaries and joint ventures and its effective participation percentages are as follows:

Subsidiaries

				Effective Shareholding and Voting Rights	
		Place of Incorporation	Principal Activities	March 31, 2020	December 31, 2019
1)	Coca-Cola Satış ve Dağıtım Anonim Şirketi ("CCSD")	Turkey	Distribution and sales of Coca-Cola, Doğadan and Mahmudiye products	%99,97	%99,97
2)	Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye")	Turkey	Filling of natural spring water	%100,00	%100,00
3)	J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership ("Almaty CC")	Kazakhstan	Production, distribution and sales of Coca-Cola products	%100,00	%100,00
4)	Azerbaijan Coca-Cola Bottlers Limited Liability Company ("Azerbaijan CC")	Azerbaijan	Production, distribution and sales of Coca-Cola products	%99,87	%99,87
5)	Coca-Cola Bishkek Bottlers Closed Joint Stock Company ("Bishkek CC")	Kyrgyzstan	Production, distribution and sales of Coca-Cola products	%100,00	%100,00
6)	CCI International Holland B.V. ("CCI Holland")	Holland	Holding company	%100,00	%100,00
7)	Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership ("Tonus")	Kazakhstan	Holding company	%100,00	%100,00
8)	The Coca-Cola Bottling Company of Jordan Limited ("TCCBCJ")	Jordan	Production, distribution and sales of Coca-Cola products	%90,00	%90,00
9)	Turkmenistan Coca-Cola Bottlers ("Turkmenistan CC")	Turkmenistan	Production, distribution and sales of Coca-Cola products	%59,50	%59,50
10)	Sardkar for Beverage Industry/Ltd ("SBIL")	Iraq	Production, distribution and sales of Coca-Cola products	%100,00	%100,00
11)	Waha Beverages B.V. ("Waha B.V.")	Holland	Holding Company	%80,03	%80,03
12)	Coca-Cola Beverages Tajikistan Limited Liability Company ("Tajikistan CC")	Tajikistan	Production, distribution and sales of Coca-Cola products	%100,00	%100,00
13)	Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC ("Al Waha")	Iraq	Production, distribution and sales of Coca-Cola products	%80,03	%80,03
14)	Coca-Cola Beverages Pakistan Limited ("CCBPL") (*)	Pakistan	Production, distribution and sales of Coca-Cola products	%49,67	%49,67

(*) CCBPL is fully consolidated since 1 January 2013 in accordance with TFRS, due to amendments made on CCBPL's Shareholders' Agreement for transferring the control of CCBPL to CCI.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights	
			March 31, 2020	December 31, 2019
Syrian Soft Drink Sales and Distribution L.L.C. ("SSDSD")	Syria	Distribution and sales of Coca-Cola products	%50,00	%50,00

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. 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 subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

In this context, Risk Detection Committee; which was established under the arrangements, terms and principles of Turkish Commercial Code, Capital Market Legislation and CMB's "Corporate Governance Principles" assess, manage and report Group risks. Some of the Group priority risks are defined as political instability and security, cyber security, exchange rate volatility, sustainable talent capability, corporate reputation, water and environmental impact of packaging, changing consumer preferences, discriminatory tax and regulations, channel mix shift, economic slowdown, law and order and industrial relations. Group does not expect any adverse effect on the business related to any significant regulatory changes and/or legal arrangements by the authorities. All compliance efforts are in place and there is no legal dispute that may adversely affect the business.

Seasonality of Operations

Sparkling beverages consumption is seasonal, typically resulting in higher demand during the summer season and accordingly the seasonality effects are reflected in the figures. Therefore, the results of operations for the three months ended March 31, 2020 do not automatically constitute an indicator for the results to be expected for the overall fiscal year.

Average Number of Employees

Category-based average number of employees working during the period is as follows (Joint ventures are considered with full numbers for March 31, 2020 and 2019).

	March 31, 2020	March 31, 2019
Blue-collar	3.033	3.110
White-collar	4.807	4.921
Average number of employees	7.840	8.031

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

Basis of Preparation

The interim condensed consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on June 13, 2013 which is published on Official Gazette numbered 28676. 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.

CCI and its subsidiaries that are incorporated in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code ("TCC") and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The interim condensed consolidated financial statements have been prepared from the statutory financial statements of Group's subsidiaries' and joint ventures and presented in TL in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employee termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities included in Business Combination application, consolidated financial statements are prepared on a historical cost basis.

In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The interim condensed consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards released by POA and are presented in TL.

Summary of Significant Accounting Policies and Changes

The interim condensed consolidated financial statements of the Group as of March 31, 2020 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new and amended standards.

Interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019.

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>

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.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>

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 2021.

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Functional and Presentation Currency

The majority of the consolidated foreign subsidiaries and joint venture are regarded as foreign operations since they are financially, economically and organizationally autonomous. In accordance with "TAS 21 The Effects of Changes in Foreign Exchange Rates", there has been a change in the functional currency of the foreign subsidiaries and joint venture from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017. This was done considering the multinational structure of foreign operations and realization of most of their operations, by assessing the currency of the primary economic environment of foreign operations, the currency that influences sales prices for goods and services, the currency in which receipts from operating activities are usually retained and the currency that mainly influences costs and other expenses for providing goods and services. The group has applied the change in functional currency prospectively, in accordance with the requirements of TFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost

Functional and presentation currency of the Company is Turkish Lira (TL).

Functional Currencies of the Subsidiaries and Joint Ventures

	March 31, 2020		December 31, 2019	
	Local Currency	Functional Currency	Local Currency	Functional Currency
CCSD	Turkish Lira	Turkish Lira	Turkish Lira	Turkish Lira
Mahmudiye	Turkish Lira	Turkish Lira	Turkish Lira	Turkish Lira
Almaty CC	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge
Tonus	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge	Kazakh Tenge
Azerbaijan CC	Manat	Manat	Manat	Manat
Turkmenistan CC	Turkmen Manat	Turkmen Manat	Turkmen Manat	Turkmen Manat
Bishkek CC	Som	Som	Som	Som
TCCBCJ	Jordanian Dinar	Jordanian Dinar	Jordanian Dinar	Jordanian Dinar
SBIL	Iraq Dinar	Iraq Dinar	Iraq Dinar	Iraq Dinar
SSDSD	Syrian Pound	Syrian Pound	Syrian Pound	Syrian Pound
CCBPL	Pakistan Rupee	Pakistan Rupee	Pakistan Rupee	Pakistan Rupee
CCI Holland	Euro	U.S. Dollars	Euro	U.S. Dollars
Waha B.V.	Euro	U.S. Dollars	Euro	U.S. Dollars
Al Waha	Iraq Dinar	Iraq Dinar	Iraq Dinar	Iraq Dinar
Tajikistan CC	Somoni	Somoni	Somoni	Somoni

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

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 used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on March 31, 2020, USD 1,00 (full) = TL 6,5160 (December 31, 2019; USD 1,00 (full) = TL 5,9402). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period is USD 1,00 (full) = TL 6,0921 (January 1 - March 31, 2019; USD 1,00 (full) = TL 5,3629).

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 income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

Estimation Uncertainty

For the condensed consolidated interim financial statements, as of March 31, 2020, Group management has to make key assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities in the preparation of condensed consolidated financial statements. Actual results can be different from estimations. These estimations are reviewed at each balance sheet date; required corrections are made and reflected in the results of operations of the related period. The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are consistent with the assumptions and estimations made for the year ended December 31, 2019, except for the necessary considerations made for income taxes.

Impact of COVID-19 Outbreak on Group's Operations

COVID-19 started in China at the end of year 2019 and World Health Organization has announced COVID-19 outbreak a pandemic as of March 11, 2020. Impacts of the outbreak are still effective in the Group's operating geographies. Besides of the effects on global markets in terms of macro-economic uncertainty, Group has been implementing several contingency plans to mitigate the potential negative impacts on the Group's operations and financial statements.

Risk management policies, level and nature of risks arising from Group's financial instruments are presented separately in Note 25 Nature and Level of Risks Arising from Financial Instruments.

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

3. SEGMENT REPORTING

The Company produces segment reports for the chief operating decision maker (Board of Directors and Executive Management) in accordance with basis of preparation as explained in Note 2. Reported information is used by management for observing performance at operation segments and for deciding resource allocation. Transfer prices between related parties are on an arm's length basis in a manner similar to transactions with third parties.

Group's subsidiaries are presented under Note 1 and Group's segment reporting is as follows:

	March 31, 2020			
	Domestic	International	Elimination	Consolidated
Net Revenue	1.172.511	1.449.706	(617)	2.621.600
Cost of sales (-)	(730.074)	(1.045.276)	718	(1.774.632)
Gross profit	442.437	404.430	101	846.968
Operating expenses (-)	(389.419)	(279.093)	25.384	(643.128)
Other operating income / (expense), net	183.207	(20.529)	(184.826)	(22.148)
Profit from operations	236.225	104.808	(159.341)	181.692
Gain from investing activities	919	1.286	(597)	1.608
Loss from investing activities (-)	(595)	(5.304)	597	(5.302)
Gain / (loss) from joint ventures	-	(1.611)	-	(1.611)
Profit before financial income / (expense)	236.549	99.179	(159.341)	176.387
Financial income	228.622	62.203	(5.244)	285.581
Financial expense (-)	(420.805)	(73.968)	189.111	(305.662)
Profit before tax from continuing operations	44.366	87.414	24.526	156.306
Tax income / (expense) from continuing operations	39.859	(51.558)	(47.767)	(59.466)
Net profit or (loss) from continuing operations	84.225	35.856	(23.241)	96.840
Net profit or (loss) from discontinuing operations	(2.671)	230	-	(2.441)
Non-controlling interest	-	(32.587)	-	(32.587)
Equity holders of the parent	81.554	68.673	(23.241)	126.986
Purchase of property, plant, equipment and intangible asset	73.013	82.240	-	155.253
Amortization expense of right of use asset	10.000	4.704	-	14.704
Depreciation and amortization expenses	49.060	120.705	(227)	169.538
Other non-cash items	9.206	22.954	(1.033)	31.127
Earnings before interest and tax (EBITDA)	304.491	253.171	(160.601)	397.061
	March 31, 2020			
	Domestic	International	Elimination	Consolidated
Total Assets	8.182.903	9.332.227	(597.603)	16.917.527
Total Liabilities	6.004.476	3.889.637	(385.860)	9.508.253

As of March 31, 2020, the portion of Almaty CC in the consolidated net revenue and total assets is 19% and 10% respectively.

As of March 31, 2020, the portion of CCBPL in the consolidated net revenue and total assets is 17% and 15% respectively.

As of March 31, 2019, the portion of Almaty CC in the consolidated net revenue and total assets is 17% and 10% respectively.

As of March 31, 2019, the portion of CCBPL in the consolidated net revenue and total assets is 17% and 17% respectively.

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

3. SEGMENT REPORTING (continued)

	March 31, 2019			
	Domestic	International	Elimination	Consolidated
Net Revenue	991.634	1.183.370	(1.408)	2.173.596
Cost of sales (-)	(576.314)	(905.394)	941	(1.480.767)
Gross profit	415.320	277.976	(467)	692.829
Operating expenses (-)	(317.272)	(236.337)	16.874	(536.735)
Other operating income / (expense), net	137.040	(11.992)	(141.324)	(16.276)
Profit / (loss) from operations	235.088	29.647	(124.917)	139.818
Gain from investing activities	284	1.841	(93)	2.032
Loss from investing activities (-)	(95)	(1.568)	93	(1.570)
Gain / (loss) from joint ventures	-	(98)	-	(98)
Profit before financial income/(expense)	235.277	29.822	(124.917)	140.182
Financial income	110.700	16.045	(4.109)	122.636
Financial expense (-)	(310.726)	(36.298)	107.479	(239.545)
Profit before tax from continuing operations	35.251	9.569	(21.547)	23.273
Tax income / (expense) from continuing operations	5.403	(40.037)	(32.613)	(67.247)
Net profit or (loss) from continuing operations	40.654	(30.468)	(54.160)	(43.974)
Net profit or (loss) from discontinuing operations	371	359	-	730
Non-controlling interest	-	(38.318)	(2.331)	(40.649)
Equity holders of the parent	41.025	8.209	(51.829)	(2.595)
Purchase of property, plant, equipment and intangible asset	116.923	62.041	-	178.964
Amortization expense of right of use asset	6.073	3.674	-	9.747
Depreciation and amortization expenses	44.275	109.735	(227)	153.783
Other non-cash items	12.896	4.897	(771)	17.022
Earnings before interest and tax (EBITDA)	298.332	147.953	(125.915)	320.370
	December 31, 2019			
	Domestic	International	Elimination	Consolidated
Total Assets	7.686.581	8.601.408	(328.234)	15.959.755
Total Liabilities	5.588.406	3.214.021	(212.021)	8.590.406

In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statements readers to utilize this data during their analyses.

Company's "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)" definition and calculation is defined as; "Profit / (Loss) From Operations" plus relevant non-cash expenses including depreciation and amortization, provision for employee benefits like retirement and vacation pay (provisions for management bonus and long term incentive plan not included) and other non-cash expenses like negative goodwill and value increase due to change in scope of consolidation.

As of March 31, 2020, and 2019, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	March 31, 2020	March 31, 2019
Profit / (loss) from operations	181.692	139.818
Depreciation and amortization	169.538	153.783
Provision for employee benefits	14.733	10.188
Foreign exchange gain / (loss) under other operating income / (expense) (Note 19)	16.394	6.834
Amortization expense of Right of Use Asset	14.704	9.747
EBITDA	397.061	320.370

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

4. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019
Cash on hand	9.915	3.114
Cash in banks		
-Time	2.073.314	2.394.267
-Demand	517.573	413.445
Cheques	7.980	11.982
	2.608.782	2.822.808

As of March 31, 2020, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 1.571.513, existed for periods varying between 1 day to 58 days (December 31, 2019 - TL 1.548.077, 1 day to 73 days) and earned interest between %0,20 - %8,00 (December 31, 2019 - 0,10% -11,25%).

As of March 31, 2020, time deposits in local currency amounting to TL 501.801 existed for periods between 1 days and 57 days (December 31, 2019 - TL 846.190, 2 days to 76 days) and earned interest between 9,90% - 11,50% (December 31, 2019 - 7,60% - 14,10%)

As of March 31, 2020, there is TL 3.757 (December 31, 2019 - TL 10.303) of interest income accrual on time deposits with maturities less than 3 months. As of March 31, 2020, and December 31, 2019, the fair values of cash and cash equivalents are equal to book value.

5. INVESTMENTS

	March 31, 2020	December 31, 2019
Time deposits with maturities more than 3 months	436.522	109.962
	436.522	109.962

As of March 31, 2020, time deposits with maturities over 3 months are composed of USD and KZT with 1 and 81 days' maturity and have 0,70% - 1,00% - 2,50% interest rates for USD, 10,00% for KZT.

As of December 31, 2019, time deposits with maturities over 3 months are composed of USD and KZT with 32 and 91 days' maturity and have 0,80% - 3,00% interest rates for USD, 10,00% for KZT.

6. DERIVATIVE FINANCIAL INSTRUMENTS

As of March 31, 2020, the Company has 6 aluminium swap transactions with a total nominal amount of TL 130.204 for 12.316 tones. The total of these aluminium swap contracts is designated as hedging instruments as of February 4, 2020, March 16, 2020 and March 24, 2020, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the years 2020 and 2021.

As of December 31, 2019, the Company doesn't have any aluminium swap transactions.

As of March 31, 2020, the Company has 24 sugar swap transactions with a total nominal amount of TL 10.570 for 4.499 tones. The total of these sugar swap contracts is designated as hedging instruments as of September 30, 2019, October 3, 2019, February 26, 2020, March 12, 2020 and March 26, 2020 in cash flow hedges related to forecasted cash flow for the high probability purchases of sugar exposed to commodity price risk for the years 2020 and 2021.

As of December 31, 2019, the Company has 14 sugar swap transactions with a total nominal amount of TL 4.545 for 2.169 tones. The total of these sugar swap contracts is designated as hedging instruments as of September 30, 2019 and October 3, 2019, in cash flow hedges related to forecasted cash flow for the high probability purchases of sugar exposed to commodity price risk for the year 2020.

As of March 31, 2020, the Company holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD 24 million, due December 1, 2020 and signed on March 3, 2020 with a total nominal amount of USD 22,95 million, due December 1, 2020. Total option value of these hedge transactions is TL 10.342 and total nominal value is TL 266.830.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

6. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

As of March 31, 2020, the Company holds a FX Forward transaction signed on February 14, 2020 with a total amount of EUR 19,8 million due on 24 April 2020. Total nominal amount is 142.857 TL and total forward value is TL -1.950.

As of March 31, 2020, the Company holds a derivate financial instrument of cross currency swap signed on February 11, 2020 with a total nominal amount of TL180.636 and total option value is TL -13.020.

As of March 31, 2020, CCBPL has FX forward transactions with a total nominal amount of TL 29.423, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts are made for hedging the high probability purchases of resin, exposed to foreign currency risk.

As of March 31, 2020, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TL 117.287, for a forward purchase contract amounting USD 18 million. The total of these FX forward contracts are made for hedging the foreign exchange value of loan repayments exposed to foreign currency risk.

As of March 31, 2020, the Company has a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TL 407.400. (December 31, 2019 – 321.030 TL)

All the changes in the fair value of commodity swap and forward derivative financial instruments, that are accounted as hedge accounting, are effective and recognized in consolidated other comprehensive income.

	March 31, 2020		December 31, 2019	
	Nominal Value	Fair Value Assets / (Liabilities)	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	140.774	(5.886)	4.545	202
Forward contracts assets/(liabilities)	737.033	(2.427)	276.633	(1.147)
	877.807	(8.313)	281.178	(945)

7. BORROWINGS

	March 31, 2020	December 31, 2019
Short-term borrowings	748.424	445.370
Current portion of long-term borrowings and bond issued	674.018	996.305
Total short-term borrowings	1.422.442	1.441.675
Long-term borrowings and bond issued	4.108.833	3.825.175
Total borrowings	5.531.275	5.266.850

As of March 31, 2020, there is interest expense accrual amounting to TL 29.201 on total amount of borrowings (December 31, 2019 - TL 47.600).

As of March 31, 2020, net interest expense on cross currency swap contract is amounting to TL 14.233 (March 31, 2019- TL 17.280).

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

7. BORROWINGS (continued)

The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020		December 31, 2019	
	Short-term	Long-term	Short-term	Long-term
USD	652.796	3.068.121	761.108	2.798.620
EUR	296.085	470.712	476.045	456.555
TL	327.760	570.000	8.473	570.000
Pakistan Rupee	135.478	-	176.454	-
Kazakh Tenge	1.650	-	5.757	-
Jordanian Dinar	8.673	-	13.838	-
	1.422.442	4.108.833	1.441.675	3.825.175

Range for the minimum and maximum effective interest rates on the balance sheet date are as follows:

	March 31, 2020	December 31, 2019
Short-term		
USD denominated borrowings	(%3,00) - (6M Libor + %2,50)	(%3,85) - (6M Libor + %2,50)
EURO denominated borrowings	(6M Euribor + %1,50) - (3M Euribor + %2,75)	(%1,40) - (3M Euribor + %2,75)
Jordanian Dinar denominated borrowings	(%7,50)	(%7,50)
Pakistan Rupee denominated borrowings	(1M Kibor - %0,10) - (3M Kibor + %0,50)	(1M Kibor - %0,10) - (3M Kibor + %0,50)
KZT denominated borrowings	(%6,00)	(%6,00)
TL denominated borrowings	(%10,20)	-
Long-term		
USD denominated borrowings	(%4,22) - (6M Libor + %2,50)	(%4,22) - (6M Libor + %2,50)
EUR denominated borrowings	(6M Euribor + %1,60) - (3M Euribor + %2,75)	(6M Euribor + %1,60) - (3M Euribor + %2,75)
TL denominated borrowings	(%11,74)	(%11,74)

Repayment plans of long-term borrowings as of March 31, 2020 and December 31, 2019 are scheduled as follows (including current portion of long-term borrowings):

	March 31, 2020	December 31, 2019
2020	648.487	996.305
2021	107.036	97.144
2022	121.308	112.010
2023	915.998	837.410
2024	2.990.022	2.778.611
	4.782.851	4.821.480

Net debt reconciliation

Movements of net debt as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Cash and cash equivalents	2.608.782	2.822.808
Borrowings – repayable within one year	(1.422.442)	(1.441.675)
Borrowings – repayable after one year	(4.108.833)	(3.825.175)
	(2.922.493)	(2.444.042)
Cash and cash equivalents	2.608.782	2.822.808
Borrowings – repayable within one year	(4.649.890)	(4.195.588)
Borrowings – repayable after one year	(881.385)	(1.071.262)
	(2.922.493)	(2.444.042)

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

7. BORROWINGS (continued)

Movements of financial debt as of March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	March 31, 2019
Financial borrowing as of January 1st	5.266.850	4.939.331
Proceeds from borrowings	905.944	514.372
Repayments of borrowings	(1.014.243)	(468.097)
Foreign exchange gain / (loss) from foreign currency denominated borrowings	365.473	221.423
Cash flows	257.174	267.698
Interest expense	91.233	82.933
Interest paid	(123.045)	(97.313)
Changes in interest accruals	(31.812)	(14.380)
Currency translation adjustment	39.063	61.190
Financial borrowing as of period end	5.531.275	5.253.839

Financial Lease Payable

As of March 31, 2020, net present value of assets under finance lease is amounting to TL 1.921 with following lease payables (December 31, 2019 – TL 2.350).

	March 31, 2020	December 31, 2019
Less than 1 year	1.950	1.914
Next 1-3 years	-	479
Minimum lease payable	1.950	2.393
Lease interest	(29)	(43)
Finance lease liability	1.921	2.350
Less than 1 year	1.921	1.874
Next 1-3 years	-	476
Net present value of finance lease payables	1.921	2.350

Lease Payables

As of March 31, 2020, net present value of liabilities under lease payables is amounting to TL 223.808. Movement tables of lease payables as of March 31, 2020 and 2019 are as follows:

	March 31, 2020	March 31, 2019
Balance as of January 1 st	222.242	160.820
Increase in lease payables	13.585	33.737
Payments during period	(21.137)	(6.027)
Interest expense of lease payables	4.899	3.115
Foreign exchange gain/(loss)	4.219	1.136
Balance at the end of period	223.808	192.781

As of March 31, 2020, and December 31, 2019, minimum and maximum incremental borrowing rates applied to the lease liabilities are as follows:

	March 31, 2020	December 31, 2019
USD	%3,00 - %8,00	%4,37 - %8,00
EUR	%0,81 - %8,00	%0,81 - %8,00
TRL	%10,50 - %25,00	%10,50 - %25,00
JOD	%7,25 - %7,75	%7,25 - %7,75
AZN	%15,00	%15,00
PKR	%6,40 - %10,87	%6,40 - %10,87
IQD	%5,70	%5,70

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	March 31, 2020	December 31, 2019
Due from personnel	11.348	10.133
Deposits and guarantees given	2.429	1.068
Receivable from tax office and other official receivables	15.292	14.675
Other	201	1.179
	29.270	27.055

Other Payables

	March 31, 2020	December 31, 2019
Deposits and guarantees	296.774	258.968
Taxes and duties payable	198.506	100.453
Other	14.068	13.890
	509.348	373.311

9. PREPAID EXPENSES

a) Short term prepaid expenses

	March 31, 2020	December 31, 2019
Prepaid marketing expenses	125.609	119.183
Prepaid insurance expenses	6.253	13.021
Prepaid rent expenses	7.604	6.797
Prepaid other expenses	14.619	15.401
Advances given	90.701	76.569
	244.786	230.971

b) Long term prepaid expenses

	March 31, 2020	December 31, 2019
Prepaid marketing expenses	224.309	210.425
Prepaid rent expenses	21.470	22.409
Prepaid other expenses	166	320
Advances given	1.385	10.246
	247.330	243.400

10. INVESTMENT IN JOINT VENTURES

Investment in joint ventures, consolidated under the equity method of accounting, is carried in the consolidated financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures, less any impairment in value. The consolidated profit or loss statement reflects the Group's share of the results of operations of the joint ventures.

As of March 31, 2020, and December 31, 2019 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	March 31, 2020	December 31, 2019
Total Assets	911	1.380
Total Liabilities	9.746	9.317
Equity	(8.835)	(7.937)

SSDSD	March 31, 2020	March 31, 2019
Revenue	-	-
Net Loss	(3.222)	(196)
Group's share in loss	(1.611)	(98)

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

11. PROPERTY, PLANT AND EQUIPMENT

For the three months ended March 31, 2020 and 2019, the additions and disposals on property, plant and equipment and net book values are as follows:

	Additions	Transfers	Disposals	Net book value at March 31, 2020
Land and Buildings	102	1.287	-	2.198.481
Machinery and Equipment	38.740	1.275	(1.297)	3.370.178
Vehicles	993	-	(491)	67.333
Furniture and Fixtures	735	349	(59)	50.968
Other Tangible Assets	61.313	19.592	(1.894)	1.139.904
Leasehold Improvements	-	-	-	479
Construction in Progress	46.037	(22.503)	-	217.973
	147.920	-	(3.741)	7.045.316

	Additions	Transfers	Disposals	Net book value at March 31, 2019
Land and Buildings	113	21.230	(440)	2.082.546
Machinery and Equipment	25.646	57.895	(453)	3.236.144
Vehicles	1.072	-	(1.336)	71.544
Furniture and Fixtures	935	117	(24)	55.994
Other Tangible Assets	93.367	9.402	(99)	1.118.261
Leasehold Improvements	-	-	-	544
Construction in Progress	57.123	(88.644)	-	286.653
	178.256	-	(2.352)	6.851.686

Impairment Loss

As of March 31, 2020, the Group had provided impairment losses amounting to TL 5.302 (March 31, 2019 - TL 1.570) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for "Out of Use" tangible assets. (Note 19)

For the three months ended March 31, 2020, there isn't any capitalized borrowing costs on construction in progress (March 31, 2019 - None).

Right of Use Asset

The Group applied TFRS 16 "Leases" retrospectively and recognizes a right-of use asset and a lease liability in financial statements at the lease commencement date.

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

- amount of the initial measurement of the lease liability;
- any initial direct costs incurred by the Group; and
-

The Group re-measure the right of use asset:

- after netting-off depreciation and reducing impairment losses from right of use asset,
- adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applied TAS16 "Property, Plant and Equipment" to calculate the right of use asset depreciation.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

11. PROPERTY, PLANT AND EQUIPMENT (continued)

For the three months ended March 31, 2020 and 2019, balances and depreciation and amortization expenses of right of use assets are as follows:

	December 31, 2019	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	March 31, 2020
Land and Buildings	109.230	1.010	(20)	2.556	(4.336)	108.440
Machinery and Equipment	8.361	319	-	(42)	(1.407)	7.231
Vehicles	73.339	5.855	(9)	1.221	(8.108)	72.298
Furniture and Fixtures	3.441	2.160	-	48	(853)	4.796
	194.371	9.344	(29)	3.783	(14.704)	192.765

	December 31, 2018	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	March 31, 2019
Land and Buildings	102.469	6.497	(1.463)	6.002	(3.157)	110.348
Machinery and Equipment	4.941	105	-	(99)	(568)	4.379
Vehicles	18.029	26.189	(332)	378	(5.112)	39.152
Furniture and Fixtures	5.923	2.283	-	109	(910)	7.405
	131.362	35.074	(1.795)	6.390	(9.747)	161.284

12. INTANGIBLE ASSETS

For the three months ended March 31, 2020 and 2019, the additions on intangible assets and net book values are as follows:

March 31, 2020	Additions	Disposals	Net book value
Bottlers and distribution agreements	-	-	2.019.829
Other Rights	563	-	109.539
Construction in Progress	6.770	-	66.956
	7.333		2.196.324

March 31, 2019	Additions	Disposals	Net book value
Bottlers and distribution agreements	-	-	1.937.986
Other Rights	708	-	61.485
Construction in Progress	-	-	-
	708	-	1.999.471

There is no water sources usage right acquired through government incentive.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

13. GOODWILL

As of March 31, 2020, and December 31, 2019 movements of goodwill are as follows:

	January 1, 2020	Currency Translation Difference	March 31, 2020
Cost	911.742	4.474	916.216
Impairment reserve	(67.914)	-	(67.914)
Net book value	843.828	4.474	848.302

	January 1, 2019	Currency Translation Difference	December 31, 2019
Cost	887.360	24.382	911.742
Impairment reserve	(67.914)	-	(67.914)
Net book value	819.446	24.382	843.828

As of March 31, 2020, and December 31, 2019 operating segment distribution of goodwill is presented below:

	Domestic	International	Consolidated
March 31, 2020	-	848.302	848.302
December 31, 2019	-	843.828	843.828

14. GOVERNMENT INCENTIVES

As of March 31, 2020, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmutiye production line investments under the scope of investment incentives are amounting to TL 259.308 (December 31, 2019, TL 259.308) with a total tax advantage of TL 72.855 (December 31, 2019, TL 72.855). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 3.149 (December 31, 2019, TL 3.149).

15. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey

Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in 227 litigations arising in the ordinary course of business as of March 31, 2020 with an amount of TL 11.850 (December 31, 2019 – 214 litigations, TL 11.532). As of March 31, 2020, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status or liquidity.

Guarantee Letters

As of March 31, 2020, the aggregate amount of letter of guarantees provided to banks are TL 181.153 (December 31, 2019 - TL 124.208).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of March 31, 2020, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR 1.478 million, equivalent to USD 8,9 million (December 31, 2019 - PKR 1.478 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.

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020****(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))****15. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)**Mortgages

As of March 31, 2020, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 22.944 (December 31, 2019 - TL 20.916) and TL 104.217 (December 31, 2019 - TL 102.295) respectively, for the credit lines obtained.

Letter of Credit

As of March 31, 2020, CCBPL obtained letter of credits amounting to EUR 0,5 million, USD 0,1 million and CNY 31,9 million. (December 31, 2019 - CCBPL EUR 1,1 million and CNY 31,9 million).

Guarantee Letters

As of March 31, 2020, total amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 8.134 (December 31, 2019 - TL 13.231).

As of March 31, 2020, and December 31, 2019 total guarantees and pledges given by the Group are as follows:

March 31, 2020						
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	308.313	179.590	14	204	2.667.000	22.944
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	587.570	-	12.000	62.788	1.178.410	10.311
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	895.883	179.590	12.014	62.992	3.845.410	33.255
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-
December 31, 2019						
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	247.419	122.774	13	204	2.667.000	20.916
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	464.089	-	11.998	48.182	1.376.939	19.564
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	711.508	122.774	12.011	48.386	4.043.939	40.480
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

Contingent liability related to letter of credits, guarantee letters and borrowings utilized under asset pledges are totally covered by the pledge amount in the related countries, and not separately disclosed under total guarantee and pledge position table.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

15. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

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. 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 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 create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

As per the change in governing law in Pakistan, "Capacity Tax" was started to be applied as of July 9, 2013, replacing "Sales and Excise Tax". CCBPL fulfilled all the obligations as per the new law and change in regulations.

As of May 2014, "Capacity Tax" application was cancelled by the constitutional court and the law has been reverted to "Sales and Excise Tax". After this withdrawal, CCBPL fulfilled all the obligations again according to "Sales and Excise Tax" system.

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to USD 21,0 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 22,6 million).

16. COMMITMENTS

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of March 31, 2020, CCBPL has USD 35,8 million sugar purchase commitment to the Banks until the end of March 2021.

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2019, CCBPL has USD 84 million sugar purchase commitment to the Banks until the end of March 2020 and has USD 3,2 million sugar purchase commitment to the Banks until the end of June 2020.

17. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	March 31, 2020	December 31, 2019
VAT receivables	273.524	268.873
Other	7.318	13.803
	280.842	282.676

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

17. OTHER ASSETS AND LIABILITIES (continued)

b) Other Current Liabilities

	March 31, 2020	December 31, 2019
Advance received	30.897	31.418
Put option of share from non-controlling interest	15.378	14.019
Other	11.969	15.912
	58.244	61.349

The obligation of TL 15.378 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 TL amount is reflected under other current liabilities.

c) Other Non-Current Liabilities

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 (December 31, 2019 %19,97). This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 229.483 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2019-TL 209.204).

18. EQUITY

Share Capital

	March 31, 2020	December 31, 2019
Common shares 1 Kr par value		
Authorized and issued (units)	25.437.078.200	25.437.078.200

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Listed companies distribute dividend in accordance with the communique No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communique does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance can be paid in accordance with profit on financial statements of the company.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

18. EQUITY (continued)

As of March 31, 2020, and December 31, 2019 breakdown of the equity of the Company in its tax books is as follows.

	March 31, 2020			December 31, 2019		
	Historical Amount	Inflation Restatement Differences	Restated Amount	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	254.371	(8.559)	245.812	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	170.648	13.396	184.044	170.648	13.396	184.044
Extraordinary Reserves	237.394	9.551	246.945	237.394	9.551	246.945

Dividends

In 2019, the Company recorded a net income of TL 965.769 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standard. The Board of Directors' proposal on distribution of profits for 2019, dated March 3, 2020 and numbered 11, was rejected due to the mandatory provision of 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.

Dated April 17, 2020, which was prepared within the framework of the Law, after legal liabilities are deducted and with not exceeding 25% of the net income of TL 965.769 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standard, distribution of a total TL 239.109 gross dividends to be paid on May 28, 2020 was approved. As per the decision, the remainder of 2019 net income will be added to the extraordinary reserves (TL 0,94 (full) per 100 shares, representing TL 1 nominal value).

In year 2019 the Group paid dividends to its shareholders with an amount of TL 300.158 (TL 1,18 (full) was paid per 100 shares, representing TL 1 nominal value).

There is not any privilege granted to shareholders related to dividend payments.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

19. OTHER INCOME / EXPENSE

a) Other operating income / expense	March 31, 2020	March 31, 2019
Other operating income		
Gain on sale of scrap materials	5.411	4.903
Foreign exchange gain	43.411	8.702
Other income	5.477	4.177
	54.299	17.782
Other operating expense		
Donations	(79)	(65)
Foreign exchange loss	(59.805)	(15.536)
Administrative fines	(713)	(40)
Idle Time Expense	(7.218)	(4.695)
Other expenses	(8.632)	(13.722)
	(76.447)	(34.058)
b) Gain / (Loss) from Investing Activities	March 31, 2020	March 31, 2019
Gain from Investing Activities		
Gain on Put Option Revaluation	-	-
Gain on disposal of property, plant and equipment	1.608	2.032
	1.608	2.032
Loss from Investing Activities		
Loss on disposal of property, plant and equipment	-	-
Impairment reversal in property, plant and equipment	(5.302)	(1.570)
	(5.302)	(1.570)

20. FINANCIAL INCOME / EXPENSE

a) Financial Income	March 31, 2020	March 31, 2019
Interest income	30.958	41.255
Foreign exchange gain	238.401	81.381
Derivative transaction gain	16.222	-
	285.581	122.636
b) Financial Expense	March 31, 2020	March 31, 2019
Interest loss	(86.321)	(79.751)
Foreign exchange loss	(199.205)	(156.612)
Interest expense of lease payables	(4.912)	(3.135)
Derivative transaction loss	(15.224)	(47)
	(305.662)	(239.545)

As of March 31, 2020, and 2019 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	March 31, 2020	March 31, 2019
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	(365.473)	(221.423)

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

21. HELD FOR SALE AND DISCONTINUED OPERATIONS

As it is stated in Public Disclosure Platform with Material Event Disclosure dated January 21, 2020 the Company started preliminary discussions with The Coca-Cola Company ("TCCC") to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. Currently, Doğadan is produced within the TCCC system, while sales and distribution is done by CCI in Turkey, Azerbaijan and Kazakhstan.

An agreement has been reached between The Coca-Cola Company ("TCCC") 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, our Company's sales and distribution activities of Doğadan brand in Turkey will be terminated as of April 30, 2020. Accordingly, our Company's sales and distribution activities of Doğadan brand in Kazakhstan and Azerbaijan is planned to be terminated as of the end of April 2020.

According scope of the agreement, disposable carrying amounts of assets and liabilities are presented separately in statement of financial position as Assets / Liabilities Held for Sale and Discontinued Operations. There isn't any provision in financial statements regarding to discontinued operations since the expected gain would exceed the net book value of total assets and liabilities.

Statement of Financial Position

	March 31, 2020
Inventories	5.995
Assets Held for Sale and Discontinued Operations	5.995
Other Liabilities (-)	(508)
Liabilities Held for Sale and Discontinued Operations	(508)
Net Assets / (Liabilities)	5.487

Statement of Profit or Loss

	March 31, 2020	March 31, 2019
Net Revenue	59.850	55.370
Cost of Sales	(57.693)	(49.927)
Selling, distribution and marketing expenses	(4.543)	(4.519)
Profit / (Loss) Before Tax from Discontinuing Operations	(2.386)	924
Taxation on Income-Current Year	(55)	(194)
Net Income After Tax from Discontinuing Operations	(2.441)	730

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

22. TAX RELATED ASSETS AND LIABILITIES**General information**

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries 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.

In Turkey, corporate tax rate is 22% (December 31, 2019 - 22%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth 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 year. 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.

Different corporate tax rates of foreign subsidiaries are as follows:

	March 31, 2020	December 31, 2019
Kazakhstan	%20	%20
Azerbaijan	%20	%20
Kyrgyzstan	%10	%10
Turkmenistan	%8	%8
Tajikistan	%13	%13
Jordan	%16	%14
Iraq	%15	%15
Pakistan	%29	%29

The list of temporary differences and the resulting deferred tax liabilities, as of March 31, 2020 and December 31, 2019 using the prevailing effective statutory tax rate is as follows:

	March 31, 2020		December 31, 2019	
	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	(3.369.370)	(827.027)	(3.379.846)	(822.741)
Right of Use Asset	32.725	8.944	1.450	(13)
Borrowings	(24.097)	(5.127)	(23.243)	(4.939)
Employee termination, other employee benefits and other payable accruals	124.075	25.390	122.665	24.929
Unused investment incentive	259.308	72.855	259.308	72.855
Carry forward tax loss	526.857	107.966	628.559	147.596
Trade receivables, payables and other	447.021	105.206	136.142	29.142
Derivative financial instruments	10.710	2.283	(2.736)	(598)
Inventory	(40.783)	(7.082)	(40.105)	(7.374)
	(2.033.554)	(516.592)	(2.297.806)	(561.143)
Deferred tax assets		159.556		101.062
Deferred tax liabilities		(676.148)		(662.205)
Deferred tax liability, net		(516.592)		(561.143)

Carried forward tax losses of Pakistan which were formed by the depreciation expenses according to local tax regulations are subject to deferred tax. In accordance with the local tax regulations in Pakistan, these tax losses has an exception of normal time limit (6 years) and can be carried forward with an indefinite life.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

22. TAX RELATED ASSETS AND LIABILITIES (continued)

As of March 31, 2020, and 2019, the movement of net deferred tax liability is as follows:

	March 31, 2020	March 31, 2019
Balance at January 1,	561.143	540.596
Deferred tax expense / (income)	(69.359)	(2.648)
Tax expense recognized in comprehensive income	(41.730)	(19.491)
Currency translation adjustment	66.538	54.273
	516.592	572.730

23. EARNINGS / (LOSSES) PER SHARE

Basic earnings / (losses) per share is calculated by dividing net income / (loss) for the period by the weighted average number of ordinary shares outstanding during the related period. The Company has no diluted instruments.

As of March 31, 2020, and 2019 earnings / (losses) per share is as follows:

	March 31, 2020	March 31, 2019
Net income for the period	126.986	(2.595)
Weighted average number of ordinary shares	25.437.078.200	25.437.078.200
Net Earnings Per Share (Full TL)	0,00499	(0,00010)

	March 31, 2020	March 31, 2019
Net income for the period from continuing operations	129.427	(3.325)
Weighted average number of ordinary shares	25.437.078.200	25.437.078.200
Net Earnings Per Share from continuing operations (Full TL)	0,00509	(0,00013)

	March 31, 2020	March 31, 2019
Net income for the period from discontinuing operations	(2.441)	730
Weighted average number of ordinary shares	25.437.078.200	25.437.078.200
Net Earnings Per Share from discontinuing operations (Full TL)	(0,00010)	0,00003

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

24. RELATED PARTY BALANCES AND TRANSACTIONS

The Group has various transactions with related parties in normal course of the business. The most significant transactions with related parties are as follows:

	March 31, 2020				
	Sales to related parties and other revenues	Purchases from related parties and other expenses	Amounts owed by related parties	Amounts owed to related parties	
				Short Term	Long Term
Related Parties and Shareholders					
Anadolu Group Companies (1)	100.942	19.832	110.650	806	-
The Coca-Cola Company (1)	9.928	795.783	117.315	567.359	57.439
Özgörkey Holding Group Companies (1)	137	4.222	7.784	312	-
Syrian Soft Drink Sales and Distribution L.L.C. (4)	-	-	6.597	-	-
Doğadan (2)	3.901	54.005	-	45.223	-
Day Trade (2)	-	-	-	17.591	-
National Beverage Co. (3)	-	1.700	-	-	-
Total	114.908	875.542	242.346	631.291	57.439

	March 31, 2019		December 31, 2019		
	Sales to related parties and other revenues	Purchases from related parties and other expenses	Amounts owed by related parties	Amounts owed to related parties	
				Short Term	Long Term
Related Parties and Shareholders					
Anadolu Group Companies (1)	75.472	5.959	87.980	2.839	-
The Coca-Cola Company (1)	40.559	634.195	105.737	386.677	61.059
Özgörkey Holding Group Companies (1)	147	5.038	10.049	129	-
Syrian Soft Drink Sales and Distribution L.L.C (4)	-	-	6.028	-	-
Doğadan (2)	16.746	62.191	-	31.435	-
Day Trade (2)	-	-	-	16.037	-
National Beverage Co. (3)	10.046	2.417	-	-	-
Total	142.970	709.800	209.794	437.117	61.059

- (1) Shareholder of the Company, subsidiaries and joint ventures of the shareholder
(2) Related parties of the shareholder
(3) Other shareholders of the joint ventures and subsidiaries
(4) Investment in associate consolidated under equity method of accounting

As of March 31, 2020, and 2019, purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset and raw material purchases and toll production.

As of March 31, 2020, and 2019, sales to related parties and other revenues consist of sale of finished goods and support charges of promotional expenses reflected to related parties.

As of March 31, 2020, and 2019, remuneration received by the executive members of the Board of Directors, Chief Executive Officer, Chief Operating Officers and Directors of the Company are as follows:

	March 31, 2020		March 31, 2019	
	Board of Directors	Executive Directors	Board of Directors	Executive Directors
Short-term employee benefits	155	12.874	134	6.703
Other long-term benefits	-	1.452	-	782
	155	14.326	134	7.485
Number of top executives	4	12	4	13

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, and credit risk. The Group management reviews and agrees policies for managing each of these risks which are summarized below. The Group also monitors the market price risk arising from all financial instruments.

(a) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders and may decide on issue of new shares or sell assets to decrease net financial debt.

As of March 31, 2020, and December 31, 2019 debt to equity ratio, obtained by dividing the total net debt to share capital is as follows:

Net debt is the financial borrowings less cash and cash equivalents and short-term financial assets.

	March 31, 2020	December 31, 2019
Borrowings	5.757.004	5.491.442
Less: Cash and cash equivalents and short-term financial assets	(3.045.304)	(2.932.770)
Net debt	2.711.700	2.558.672
Total share capital	254.371	254.371
Net debt / Total equity ratio (%)	10,66	10,06

(b) 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 balancing the interest rate of assets and liabilities or derivative financial instruments.

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.

As of March 31, 2020, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for June 30, 2020, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	March 31, 2020	March 31, 2019
Increase / decrease of 1% interest in USD denominated borrowing interest rate	341	351
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	1.508	1.751
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	322	782
Total	2.171	2.884

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

As of March 31, 2020, and 2019, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	March 31, 2020	March 31, 2019
Financial instruments with fixed interest rate		
Time deposits	2.509.836	1.631.524
Financial liabilities (Note 7)	4.649.890	4.074.760
Financial instruments with floating interest rate		
Financial liabilities (Note 7)	881.385	1.179.079

(c) Foreign Currency Risk

The Group is exposed to exchange rate fluctuations due to the nature of its business. This risk occurs due to purchases, sales, demand / time deposits and bank borrowings of the Group, which are denominated in currencies other than the functional currency. The Group manages its foreign currency risk by balancing the amount of foreign currency denominated assets and liabilities and by using derivate financial instruments. (Note 6)

	March 31, 2020	March 31, 2019
Total export	12.032	11.492
Total import	783.764	549.890

Foreign Currency Position

As of March 31, 2020, and December 31, 2019, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

Foreign Currency Position Table						
March 31, 2020						
	Total TL Equivalent	USD	TL Equivalent	Euro	TL Equivalent	Other Foreign Currency TL Equivalent
1. Trade Receivables and Due from Related Parties	117.423	18.021	117.423	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.945.805	276.084	1.798.963	20.287	146.374	468
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	4.204	594	3.872	46	332	-
4. Current Assets (1+2+3)	2.067.432	294.699	1.920.258	20.333	146.706	468
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	231	-	-	32	231	-
8. Non-Current Assets (5+6+7)	231	-	-	32	231	-
9. Total Assets (4+8)	2.067.663	294.699	1.920.258	20.365	146.937	468
10. Trade Payables and Due to Related Parties	689.672	103.680	675.576	1.765	12.737	1.359
11. Short-term Borrowings and Current Portion of Long-term Borrowings	948.881	100.184	652.796	41.037	296.085	-
12a. Monetary Other Liabilities	29.270	4.086	26.625	367	2.645	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	1.667.823	207.950	1.354.997	43.169	311.467	1.359
14. Trade Payables and Due to Related Parties	3.308	-	-	458	3.308	-
15. Long-Term Borrowings	3.563.373	473.180	3.083.242	66.546	480.131	-
16 a. Monetary Other Liabilities	229.483	35.218	229.483	-	-	-
16 b. Non-monetary Other Liabilities	265	41	265	-	-	-
17. Non-Current Liabilities (14+15+16)	3.796.429	508.439	3.312.990	67.004	483.439	-
18. Total Liabilities (13+17)	5.464.252	716.389	4.667.987	110.173	794.906	1.359
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	2.080.715	319.324	2.080.715	-	-	-
19a. Total Hedged Assets	2.080.715	319.324	2.080.715	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1.315.874)	(102.366)	(667.014)	(89.808)	(647.969)	(891)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7, B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.401.024)	(422.284)	(2.751.601)	(89.886)	(648.532)	(891)
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-

Coca-Cola İçecek Anonim Şirketi**Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign Currency Position Table						
December 31, 2019						
	Total TL Equivalent	USD	TL Equivalent	Euro	TL Equivalent	Other Foreign Currency TL Equivalent
1. Trade Receivables and Due from Related Parties	106.218	17.881	106.218	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.513.132	254.139	1.509.636	526	3.496	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	16.923	2.494	14.812	316	2.101	10
4. Current Assets (1+2+3)	1.636.273	274.514	1.630.666	842	5.597	10
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	1.636.273	274.514	1.630.666	842	5.597	10
10. Trade Payables and Due to Related Parties	426.958	71.188	422.871	315	2.097	1.990
11. Short-term Borrowings and Current Portion of Long-term Borrowings	1.237.153	128.128	761.108	71.579	476.045	-
12a. Monetary Other Liabilities	21.633	3.334	19.804	276	1.829	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	1.685.744	202.650	1.203.783	72.170	479.971	1.990
14. Trade Payables and Due to Related Parties	4.286	-	-	644	4.286	-
15. Long-Term Borrowings	3.272.822	472.360	2.805.915	70.205	466.907	-
16 a. Monetary Other Liabilities	209.204	35.218	209.204	-	-	-
16 b. Non-monetary Other Liabilities	410	70	410	-	-	-
17. Non-Current Liabilities (14+15+16)	3.486.722	507.648	3.015.529	70.849	471.193	-
18. Total Liabilities (13+17)	5.172.466	710.298	4.219.312	143.019	951.164	1.990
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	1.896.848	319.324	1.896.848	-	-	-
19a. Total Hedged Assets	-	-	-	-	-	-
19b. Total Hedged Liabilities	(1.896.848)	(319.324)	(1.896.848)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(1.639.345)	(116.460)	(691.798)	(142.177)	(945.567)	(1.980)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.553.116)	(438.278)	(2.603.458)	(142.493)	(947.668)	(1.990)
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and other foreign currency denominated exchange rates against TL by 10%, with all other variables held constant.

Foreign Currency Position Sensitivity Analysis				
	March 31, 2020		March 31, 2019	
	Income / (Loss)	Income / (Loss)	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
Changes in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	(274.773)	274.773	(251.840)	251.840
2- USD denominated hedging instruments (-)	208.072	(208.072)	158.315	(158.315)
3- Net effect in USD (1+2)	(66.701)	66.701	(93.525)	93.525
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	(64.797)	64.797	(100.040)	100.040
5- Euro denominated hedging instruments (-)	-	-	-	-
6- Net effect in Euro (4+5)	(64.797)	64.797	(100.040)	100.040
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	(89)	89	(2)	2
8- Other foreign currency hedging instruments (-)	-	-	-	-
9- Net effect in other foreign currency (7+8)	(89)	89	(2)	2
TOTAL (3+6+9)	(131.587)	131.587	(193.567)	193.567

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

(d) 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. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

The Group maintains cash and cash equivalents with various financial institutions. It is the Group's policy to limit exposure to any one institution and revalue the credibility of the related financial institutions continuously.

The credit risk associated with trade receivables is partially limited due to a large customer base and due to management's limitation on the extension of credit to customers. The Group generally requires collateral to extend credit to its customers excluding its distributors.

(e) 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, bond issues, cash and short-term deposits.

The maturity breakdown of financial assets and liabilities has been indicated by considering the period from the balance sheet date to maturity date. Those financial assets and liabilities which have no maturities have been classified under "1 to 5 years".

(f) Commodity Price Risk

The Company may be affected by the price volatility of certain commodities such as sugar, aluminium and resin. As its operating activities require the ongoing purchase of these commodities, the Company's management has a risk management strategy regarding commodity price risk and its mitigation.

Based on a 36-month anticipated purchase of can, the Company hedges the purchase price using commodity (aluminium) swap contracts and aluminium swap call option (Note 6).

Based on a 36-month anticipated purchase of sugar, the Company hedges the purchase price using commodity (sugar) swap contracts and sugar swap call option (Note 6).

26. FINANCIAL INSTRUMENTS

Fair Values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and best evidenced by a quoted market price, if one exists.

Foreign currency-denominated financial assets and liabilities are revalued at the exchange rates prevailing at the balance sheet dates.

The following methods and assumptions were used in the estimation of the fair value of the Group's financial instrument:

Financial Assets – The fair values of certain financial assets carried at cost, including cash and cash equivalents and held to maturity investments plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying values of trade receivables along with the related allowances for bad debt are estimated to be at their fair values.

Financial Liabilities – The fair values of trade payables and other monetary liabilities are estimated to approximate carrying values, due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The carrying values of trade payable are estimated to be their fair values due to their short-term nature.

Coca-Cola İçecek Anonim Şirketi

Notes to Interim Condensed Consolidated Financial Statements as at March 31, 2020

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

26. FINANCIAL INSTRUMENTS (continued)

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 includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

March 31, 2020	Level 1	Level 2	Level 3
a) Assets presented at fair value			
Derivative financial instruments	-	12.582	-
Total assets	-	12.582	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	20.895	-
Buying option of share from non-controlling interest	15.378	-	229.483
Total liabilities	15.378	20.895	229.483
December 31, 2019	Level 1	Level 2	
a) Assets presented at fair value			
Derivative financial instruments	-	2.759	-
Total assets	-	2.759	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	3.704	-
Buying option of share from non-controlling interest	14.019	-	209.204
Total liabilities	14.019	3.704	209.204

As of March 31, 2020, the movement of share purchase option below level 3 is as follows;

	March 31, 2020	December 31, 2019
Balance at January 1st	209.204	198.020
Change in option revaluation	-	(14.384)
Currency translation difference	20.279	25.568
End of period	229.483	209.204

27. SUBSEQUENT EVENTS

As it is stated in Public Disclosure Platform with Material Event Disclosure dated January 21, 2020 the Company has started preliminary discussions with The Coca-Cola Company ("TCCC") to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. An agreement has been reached between The Coca-Cola Company ("TCCC") 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, The Company's sales activities of Doğadan brand in Turkey was terminated as of April 30, 2020. In accordance with TFRS 5, disposable carrying amounts of assets and liabilities related to Doğadan are presented separately in interim statement of financial position as Assets / Liabilities Held for Sale and Discontinued Operations and in interim statement of profit or loss as Discontinued Operations. (Note 21)