

**CONVENIENCE TRANSLATION OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.
AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

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TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<i>Notes</i>	<i>Current Period Unaudited 31 March 2022</i>	<i>Prior Period Audited 31 December 2021</i>
ASSETS			
Current Assets		4.033.646	3.229.051
Cash and Cash Equivalents	17	1.489.096	1.468.521
Financial Investments		308.181	60.157
- Financial Assets at Fair Value Through Profit or Loss	14	308.014	59.990
- Financial Assets at Fair Value Through Other Comprehensive Income	14	167	167
Trade Receivables	4	1.154.202	1.047.328
- Due from Third Parties		1.154.202	1.047.328
Other Receivables		12.847	12.113
- Due from Third Parties		12.847	12.113
Inventories		981.298	578.902
Prepaid Expenses		87.421	62.030
- Prepaid Expenses from Third Parties		87.421	62.030
Other Current Assets		601	-
- Other Current Assets from Third Parties		601	-
Non-Current Assets		1.736.772	1.540.849
Other Receivables		517	467
- Due from Third Parties		517	467
Investment Properties	6	1.102	1.120
Property, Plant and Equipment	7	1.286.224	1.170.001
- Land		14.060	14.060
- Land Improvements		16.524	16.686
- Buildings		59.470	60.521
- Machinery and Equipment		373.973	380.325
- Motor Vehicles		14.578	10.164
- Furniture and Fixtures		783.223	664.360
- Construction in Progress		24.396	23.885
Right of Use Assets	8	87.331	81.587
Intangible Assets	9	15.723	14.751
- Rights		15.723	14.751
Deferred Tax Asset	12	75.895	87.125
Prepaid Expenses		269.980	185.798
- Prepaid Expenses from Third Parties		269.980	185.798
TOTAL ASSETS		5.770.418	4.769.900

The accompanying notes are integral part of these condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Notes	Current Period Unaudited 31 March 2022	Prior Period Audited 31 December 2021
LIABILITIES		
Current Liabilities	2.499.700	1.730.746
Current Borrowings	596.819	44.002
- Current Borrowings from Third Parties	596.819	44.002
- Bank Loans	5 553.311	5.303
- Lease Liabilities	5 43.508	38.699
Trade Payables	4 715.491	467.541
- Due to Third Parties	715.491	467.541
Other Payables	105.180	73.415
- Due to Third Parties	105.180	73.415
Deferred Income	578	33.639
- Deferred Income from Third Parties	578	33.639
Current Income Tax Liability	12 82.312	125.469
Short-term Provisions	243.725	245.640
- Provision for Employee Benefits	85.866	128.908
- Other Short-term Provisions	10 157.859	116.732
Other Current Liabilities	755.595	741.040
- Other Current Liabilities due to Third Parties	755.595	741.040
Non-current liabilities	116.322	112.585
Long-term Borrowings	64.104	60.608
- Long-term Borrowings from Third Parties	64.104	60.608
- Lease Liabilities	5 64.104	60.608
Long-term Provisions	52.218	51.977
- Provision for Employee Benefits	52.218	51.977
TOTAL LIABILITIES	2.616.022	1.843.331
EQUITY	3.154.396	2.926.569
Equity Attributable to Equity Holders of the Group	3.154.396	2.926.569
Share Capital	11 322.508	322.508
Adjustment to Share Capital	11 277.613	277.613
Share Premium (Discounts)	11 154	154
Items that will not be Reclassified to Profits (Losses)	(8.089)	(9.562)
- Revaluation of Defined Employee Benefits (Losses) Plans	(8.089)	(9.562)
Restricted Reserves Appropriated from Profits	124.392	124.392
- Legal Reserves	11 124.392	124.392
Accumulated Profits or Losses	11 2.211.464	1.007.231
Net Profit or Loss for the Period	226.354	1.204.233
TOTAL EQUITY AND LIABILITIES	5.770.418	4.769.900

The accompanying notes are integral part of these condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period Unaudited 1 January - 31 March 2022	Prior Period Unaudited 1 January - 31 March 2021
Profit or Loss			
Revenue		1.088.839	536.276
Cost of sales		(562.257)	(278.234)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		526.582	258.042
GROSS PROFIT (LOSS)		526.582	258.042
General administrative expenses		(47.031)	(26.976)
Marketing, selling and distribution expenses		(271.211)	(147.391)
Other income from operating activities		12.957	26.508
Other expense from operating activities		(2.834)	(17.779)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		218.463	92.404
Income from investment activities		183.881	85.031
Expenses from investment activities		(53.360)	(13.386)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)		348.984	164.049
Financial expenses		(32.887)	(16.648)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		316.097	147.401
Tax (expense) income from continuing operations		(89.743)	(30.622)
- Current period tax (expense) income	12	(78.881)	(28.649)
- Deferred tax (expense) income	12	(10.862)	(1.973)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		226.354	116.779
PROFIT (LOSS)		226.354	116.779
Profit (loss), attributable to:			
Non-controlling interests		-	-
Equity holders of the Group		226.354	116.779
		226.354	116.779
Earnings per share for net profit attributable to the equity holders of the parent company (full TL)	13	0,70	0,36
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss		1.473	935
- Gains (losses) on remeasurements of defined benefit plans		1.841	1.169
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		(368)	(234)
- Taxes relating to gains (losses) on remeasurements of defined benefit plans	12	(368)	(234)
OTHER COMPREHENSIVE INCOME (LOSS)		1.473	935
TOTAL COMPREHENSIVE INCOME (LOSS)		227.827	117.714
Allocation of comprehensive income:			
Non-controlling interests		-	-
Equity holders of the Group		227.827	117.714
		227.827	117.714

The accompanying notes are integral part of these condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY - 31 MARCH 2022**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

<i>Unaudited</i>	Share Capital	Adjustment to Share Capital	Share Premium/ (Discounts)	<i>Items that will not be Reclassified to Profit or Loss</i>	Restricted Reserves	<i>Accumulated Profits/(Losses)</i>		Equity Holders of the Group	Total Equity
				Revaluation of Defined Employee Benefits/(Losses)		Accumulated Profits/(Losses)	Net Profit/(Loss) for the Period		
Balances at 1 January 2021	322.508	277.613	154	(4.632)	105.057	604.469	525.324	1.830.493	1.830.493
Transfers	-	-	-	-	-	525.324	(525.324)	-	-
Total comprehensive income (loss)	-	-	-	935	-	-	116.779	117.714	117.714
- Profit (loss) for the period	-	-	-	-	-	-	116.779	116.779	116.779
- Other comprehensive income (loss)	-	-	-	935	-	-	-	935	935
Balances at 31 March 2021	322.508	277.613	154	(3.697)	105.057	1.129.793	116.779	1.948.207	1.948.207
<i>Unaudited</i>									
Balances at 1 January 2022	322.508	277.613	154	(9.562)	124.392	1.007.231	1.204.233	2.926.569	2.926.569
Transfers	-	-	-	-	-	1.204.233	(1.204.233)	-	-
Total comprehensive income (loss)	-	-	-	1.473	-	-	226.354	227.827	227.827
- Profit (loss) for the period	-	-	-	-	-	-	226.354	226.354	226.354
- Other comprehensive income (loss)	-	-	-	1.473	-	-	-	1.473	1.473
Balances at 31 March 2022	322.508	277.613	154	(8.089)	124.392	2.211.464	226.354	3.154.396	3.154.396

The accompanying notes are integral part of these condensed consolidated financial statements

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Notes	<i>Current Period Unaudited 1 January - 31 March 2022</i>	<i>Prior Period Unaudited 1 January - 31 March 2021</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss)	226.354	116.779
- Profit (loss) for the period from continuing operations	226.354	116.779
Adjustments to reconcile net profit (loss) for the period	136.748	76.091
Adjustments for depreciation and amortisation expense	115.037	79.925
Adjustments for (reversal of) impairment loss	1.923	1.145
Adjustments for (reversal of) impairment loss receivables	1.086	1.142
Adjustments for (reversal of) impairment loss inventory	837	3
Adjustments for provisions	77.969	31.907
Adjustments for (reversal of) provision related to employee benefits	36.842	18.041
Adjustments for (reversal of) other provisions	41.127	13.866
Adjustments for interest (income) expenses	2.905	(16.579)
Adjustments for interest income	(15.127)	(23.426)
Adjustment for interest expenses	25.103	9.711
Unearned finance income due to sales	(9.032)	(39)
Incurred finance expense due to purchases	1.961	(2.825)
Adjustments for fair value losses (gains)	(18.811)	66
Adjustments for fair value losses (gains) of financial assets	(18.811)	66
Adjustments for taxation (income) expense	89.743	30.622
Adjustments for losses (gains) on sale of fixed assets	(409)	(1.271)
Adjustments for losses (gains) on sale of tangible assets	(409)	(1.271)
Adjustments for unrealized foreign exchange losses	(131.609)	(49.724)
Changes in working capital	(355.419)	(129.840)
Adjustments for (increase) decrease in trade receivables	(108.924)	25.584
(Increase) decrease in trade receivables from third party	(108.924)	25.584
Adjustments (increase) decrease in other receivables	(784)	7.443
(Increase) decrease in other receivables from third party	(784)	7.443
Adjustments for (increase) decrease in inventories	(403.233)	(30.597)
(Increase) decrease in prepaid expenses	(109.573)	(27.920)
Adjustments for increase (decrease) in trade payables	253.836	(49.863)
Increase (decrease) in trade payables to third parties	253.836	(49.863)
Adjustments for increase (decrease) in other payables	31.765	(2.294)
Increase (decrease) in other payables from third parties	31.765	(2.294)
(Decrease) increase in deferred income	(33.061)	(6.023)
Adjustments for increase (decrease) in working capital	14.555	(46.170)
Increase (Decrease) in other liabilities	14.555	(46.170)
	7.683	63.030

The accompanying notes are integral part of these condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	<i>Current Period Unaudited 1 January - 31 March 2022</i>	<i>Prior Period Unaudited 1 January - 31 March 2021</i>
Provisions paid related to employee benefits		(77.801)	(44.694)
Income taxes returns (payments)	12	(122.038)	(31.225)
Net Cash Used in Operating Activities		(192.156)	(12.889)
Cash Flow From Investing Activities:			
Cash inflow from sale of tangible and intangible assets		604	1.966
Cash inflow from sale of tangible assets		604	1.966
Cash outflow from purchase of tangible and intangible assets		(221.928)	(84.184)
Cash outflow from purchase of tangible assets	7	(219.208)	(84.116)
Cash outflow from purchase of intangible assets	9	(2.720)	(68)
Interest received		14.399	22.538
Cash inflow from sale of equity or debt instruments of other companies		-	43.584
Cash outflow from acquisition of equity or debt instruments of other companies		(229.213)	(105.083)
Net Cash Used in Investing Activities		(436.138)	(121.179)
Cash Flow From Financing Activities			
Proceeds from borrowings		2.439.470	1.208.225
Proceeds from bank loans		2.439.470	1.208.225
Repayments of borrowings		(1.880.984)	(1.538.086)
Bank loan repayments		(1.880.984)	(1.538.086)
Payments of lease liabilities		(5.518)	(10.523)
Interest paid		(10.494)	(5.709)
Net Cash Generated from/(Used in) Financing Activities		542.474	(346.093)
Net Decrease in Cash and Cash Equivalents Before Currency Translation Differences		(85.820)	(480.161)
Effect of currency translation differences on cash and cash equivalents		106.395	49.756
Net Increase/(Decrease) in Cash and Cash Equivalents		20.575	(430.405)
Cash and cash equivalents at the beginning of the period	17	1.468.521	1.032.516
Cash and Cash Equivalents at the end of the Period		1.489.096	602.111

The accompanying notes are integral part of these condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Türk Tuborg Bira ve Malt Sanayii A.Ş. (“Türk Tuborg” or the “Company”) was incorporated in İzmir in 1969. The Company is engaged in production, sales and distribution of beer and malt to the domestic and international markets.

The Company is registered in the Turkish Capital Markets Board (“CMB”) and its shares have been traded on the Istanbul Stock Exchange Market (“BIST”) since 1989. As at 31 March 2022, the ratio of free floating shares on BIST is 4,31% (31 December 2021: 4,31%). The ultimate shareholder and the party that controls the Company is International Beer Breweries Ltd. (“IBBL”) with a share of 95,69% (Note 11).

The average number of employees in the Company and Tuborg Pazarlama A.Ş., its subsidiary, (“Group”) as at 31 March 2022 is 1.564 (31 December 2021: 1.533).

The address of the registered office is follows:

Türk Tuborg Bira ve Malt Sanayii A.Ş.
Kemalpaşa Caddesi No: 258
Işıkkent 35070
İzmir

Subsidiary

The details of the subsidiary of the Company is as follows:

	Listed entity	Nature of operations	Core business
Tuborg Pazarlama A.Ş.	No	Selling and distribution	Selling and distribution of beer

The Company sells almost all of the beer which it produces to its subsidiary, Tuborg Pazarlama A.Ş. (“Tuborg Pazarlama” or “Subsidiary”), in which it holds a share of 99,99% (31 December 2021: 99,99%). Accordingly, Tuborg Pazarlama performs sales and distribution of such products in the domestic market.

Approval of the condensed consolidated financial statements for issue:

The condensed consolidated financial statements of the Group were approved by the Board of Directors of Türk Tuborg Bira ve Malt Sanayii A.Ş. for issue on 10 May 2022. The General Assembly of the Company and/or governmental authorities are entitled to modify the consolidated financial statements as enclosed herein.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

a) Statement of compliance

Condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkey Financial Reporting Standards (“TFRS”) and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) under Article 5 of the Communiqué.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed consolidated financial statements and its notes are also presented in accordance with the model requirements as announced by both the CMB's statement issued on 7 June 2013 and 15 July 2016, and Financial Statement Formats and Guidance issued by POAASA on 7 June 2019.

In compliance with the TAS 34, entities have preference in presenting their consolidated interim financial statements whether full set or condensed. In this framework, the Group preferred to present its interim financial statements in condensed.

Group's condensed interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed interim financial statements should be examined together with the financial statements of 31 December 2021.

The Group and its subsidiary operating in Turkey maintains its accounting records and prepare its statutory financial statements in accordance with the principles and requirements issued by CMB, Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed consolidated financial statements, except for financial assets and liabilities presented with their fair values, are maintained under historical cost conversion in TL.

b) Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The condensed consolidated financial statements are presented in TL, which is the parent Company's functional and presentation currency.

c) Adjustment of financial statements in hyperinflationary economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the Turkish Accounting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", has not been applied in the consolidated financial statements for the accounting year commencing from 1 January 2005.

d) Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The details of the Company's subsidiary as at 31 March 2022 and 31 December 2021 are as follows:

<u>Subsidiary</u>	<u>Location of incorporation</u>	<u>Participation rate (%)</u>	<u>Voting power (%)</u>	<u>Core business</u>
Tuborg Pazarlama A.Ş.	Turkey	99,99	99,99	Selling and distribution of beer

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the company ceases to control the subsidiary.

The financial statements and the profit or loss and other comprehensive income statements of the Subsidiary are condensed consolidated using the full consolidation method.

Condensed profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Condensed total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests are not separately reported in the materiality principle of the accounting.

e) Comparatives and restatement of prior year consolidated financial statements

In order to allow the determination of the financial position and performance of the Group's condensed consolidated financial statements are prepared in comparison with the previous period. When it is necessary, comparative figures are reclassified to comply with the presentation of the condensed consolidated financial statements for the period and significant differences are disclosed.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 New and Revised Turkish Accounting Standards

2.2.1 Standards, amendments and interpretations applicable as at 31 March 2022

TFRS 3	<i>Amendments to Reference to the Conceptual Framework¹</i>
TAS 16	<i>Amendment to Property, Plant and Equipment – Proceeds before Intended Use¹</i>
TAS 37	<i>Amendment to Onerous Contracts – Cost of Fulfilling a Contract¹</i>
TFRS 1, TFRS 9 and TAS 41	<i>Annual Improvements to TFRS Standards 2018-2020¹</i>

¹Effective for annual periods beginning after 1 January 2022.

The Group has adopted the new standards and amendments above, and the new standards and amendments have had no significant effect on the current and comparative periods. Therefore, the comparative financial statement of the prior period have not been restated in accordance with the materiality principle.

2.2.2 Standards, amendments and interpretations applicable as at 31 March 2022

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 17	<i>Insurance Contracts¹</i>
TAS 1	<i>Amendments to Classification of Liabilities as Current or Non-Current¹</i>
TFRS 4	<i>Amendments to Extension of the Temporary Exemption from Applying TFRS 9¹</i>
TAS 1	<i>Amendments to Disclosure of Accounting Policies¹</i>
TAS 8	<i>Amendments to Definition of Accounting Estimates¹</i>
TAS 12	<i>Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 - Comparative Information¹</i>

¹ Effective for annual periods beginning on or after 1 January 2023.

The Group will consider the effects of the aforementioned changes to the Group's operations and apply if necessary. The effects of the above mentioned changes in standards and comments are being evaluated.

2.3 Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the period 1 January - 31 December 2021. The condensed consolidated financial statements for the period between 1 January - 31 March 2022 should be read in conjunction with the annual consolidated financial statements for the period 1 January - 31 December 2021.

The Group is not subject to seasonality or cyclicity of interim operations that might have a significant effect on condensed consolidated financial statements.

TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY

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NOTE 3 - RELATED PARTY DISCLOSURES

Key management compensation:

Key management includes general manager, vice presidents and directors. The compensation paid or payable to key management for employee service is shown below:

	1 January - 31 March 2022	1 January - 31 March 2021
Short-term employee benefits	15.093	7.132
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Other	32	20
	15.125	7.152

NOTE 4 - TRADE RECEIVABLE AND PAYABLES

a) Short-term trade receivables:

	31 March 2022	31 December 2021
Customer current accounts	941.824	727.353
Credit card receivables	222.152	319.750
Notes receivables and customer cheques	47.884	56.797
	1.211.860	1.103.900
Less: Provision for doubtful receivables	(57.658)	(56.572)
	1.154.202	1.047.328

Trade receivables are all short term with a weighted average maturity of 1 month (31 December 2021: one month).

Movements in the provision for doubtful receivables are as follows:

	2022
1 January	(56.572)
Reversal of provision	3.261
Collections in the current year	609
Charged to the consolidated statement of profit or loss and other comprehensive income	(4.956)
31 March	(57.658)

Trade receivables are assessed by Group management on the basis of past experiences and required provision for impairment is booked. In relation to the calculation of such provision, guarantees received from customers are considered. Therefore, considering the past experiences the Group management believes that there is no additional doubtful risk for the collection of receivables.

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NOTE 4 - TRADE RECEIVABLE AND PAYABLES (Continued)

b) Short-term trade payables:

	31 March 2022	31 December 2021
Supplier current accounts	659.462	416.180
Accrued expenses	56.029	51.361
	715.491	467.541

Short-term payables have a weighted average maturity of 1 month (31 December 2021: 1 month).

NOTE 5 - BORROWINGS AND BORROWING COSTS

	31 March 2022			31 December 2021		
	Effective Interest Rate(%)	Original Currency	TL Equivalent	Effective Interest Rate(%)	Original Currency	TL Equivalent
Current bank loans						
Fixed Interest Rate - TL (*)	19,60	553.311	553.311	13,33	5.303	5.303
		553.311	553.311		5.303	5.303

(*) As of 31 March 2022, all bank loans consist of short-term loans, and the weighted average payment term is 14 October 2022 (31 December 2021: 28 January 2022).

Net financial debt reconciliation for the periods between 1 January - 31 March 2022 and 2021 is as follows:

	2022	2021
1 January	(1.363.911)	(601.532)
Proceeds from borrowings	2.439.470	1.208.225
Change in lease liabilities and interest accrual	(2.173)	27.031
Repayments of borrowings and interest	(1.880.984)	(1.538.086)
Less: Change in cash and cash equivalents	(20.575)	430.405
31 March	(828.173)	(473.957)

As of 31 March 2022, debts from short-term lease transactions are TL 43.508 (31 December 2021: TL 38.699), debts from long-term leasing transactions are TL 64.104 (31 December 2021: TL 60.608). The duration of the contract that make up Group's lease liabilities varies between 1 and 5 years.

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NOTE 6 - INVESTMENT PROPERTIES

	1 January 2022	Additions	Disposals	Transfers	31 March 2022
<u>Buildings and land improvements:</u>					
Cost	3.868	-	-	-	3.868
Accumulated depreciation	(2.748)	(18)	-	-	(2.766)
Net book value	1.120				1.102

	1 January 2021	Additions	Disposals	Transfers	31 March 2021
<u>Buildings and land improvements:</u>					
Cost	3.868	-	-	-	3.868
Accumulated depreciation	(2.567)	(55)	-	-	(2.622)
Net book value	1.301				1.246

Total rental income from the investment properties in 1 January - 31 March 2022 amounts to TL 121 (1 January - 31 March 2021: TL 92). There are no operating expenses arising from the investment property.

As of 31 March 2022, the fair value of Group's investment properties, of which is carried at cost less accumulated depreciation, determined by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2022 are as follows:

Fair values as at 31 March 2022

	31 March 2022	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property unit located in Ankara	16.380	-	-	16.380
Commercial property unit located in İzmir	25.954	-	-	25.954

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NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 31 March 2022 were as follows:

	1 January 2022	Additions	Disposals	Transfers	31 March 2022
Cost:					
Land	14.060	-	-	-	14.060
Land improvements	28.262	-	-	-	28.262
Buildings	141.215	-	-	876	142.091
Machinery and equipment	781.023	-	-	2.475	783.498
Furniture and fixtures	1.581.430	190.854	(1.932)	19.396	1.789.748
Motor vehicles	20.670	5.096	-	-	25.766
Construction in progress	23.885	23.258	-	(22.747)	24.396
	2.590.545	219.208	(1.932)	-	2.807.821
Accumulated depreciation:					
Land improvements	(11.576)	(162)	-	-	(11.738)
Buildings	(80.694)	(1.927)	-	-	(82.621)
Machinery and equipment	(400.698)	(8.827)	-	-	(409.525)
Furniture and fixtures	(917.070)	(91.192)	1.737	-	(1.006.525)
Motor vehicles	(10.506)	(682)	-	-	(11.188)
	(1.420.544)	(102.790)	1.737	-	(1.521.597)
Net book value	1.170.001				1.286.224

Movements of property, plant and equipment between 1 January and 31 March 2021 were as follows:

	1 January 2021	Additions	Disposals	Transfers	31 March 2021
Cost:					
Land	14.073	-	-	-	14.073
Land improvements	23.457	84	-	454	23.995
Buildings	130.430	1.261	-	925	132.616
Machinery and equipment	732.136	171	(56)	16.515	748.766
Furniture and fixtures	1.115.036	69.389	(1.946)	4.930	1.187.409
Motor vehicles	19.212	949	(320)	-	19.841
Construction in progress	36.163	12.262	-	(22.824)	25.601
	2.070.507	84.116	(2.322)		2.152.301
Accumulated depreciation:					
Land improvements	(11.020)	(124)	-	-	(11.144)
Buildings	(73.862)	(1.586)	-	-	(75.448)
Machinery and equipment	(367.303)	(8.088)	56	-	(375.335)
Furniture and fixtures	(653.316)	(60.431)	1.263	-	(712.484)
Motor vehicles	(8.922)	(623)	308	-	(9.237)
	(1.114.423)	(70.852)	1.627	-	(1.183.648)
Net book value	956.084				968.653

Current year depreciation and amortisation expenses of TL 70.867 (31 March 2021: TL 47.754) have been charged to cost of production TL 40.459 (31 March 2021: TL 29.568) to marketing, selling and distribution costs and TL 3.711 (31 March 2021: TL 2.603) to general administrative expenses.

There is no mortgage and pledge on property, plant and equipment as of 31 March 2022 and 31 December 2021.

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NOTE 8 - RIGHT OF USE ASSETS

The details of the right-of-use assets recognized in the condensed consolidated financial statements as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Motor vehicles	68.851	61.466
Buildings	18.480	20.121
	87.331	81.587

Changes in net rights-of-use assets for the period ended 31 March 2022 amount to TL 16.225 and mainly include vehicle rents. Depreciation expenses amount to TL 10.481 (31 March 2021: TL 7.835).

NOTE 9 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 31 March 2022 and 2021 were as follows:

	1 January 2022	Additions	Disposals	Transfers	31 March 2022
Rights	46.012	2.720	-	-	48.732
Accumulated amortisation	(31.261)	(1.748)	-	-	(33.009)
Net book value	14.751				15.723

	1 January 2021	Additions	Disposals	Transfers	31 March 2021
Rights	39.075	68	-	-	39.143
Accumulated amortisation	(26.423)	(1.183)	-	-	(27.606)
Net book value	12.652				11.537

Rights are mainly composed of computer software. There were not any internally generated intangible asset.

NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Other short-term provisions:

	31 March 2022	31 December 2021
Provision for sales discounts	148.937	108.598
Other	8.922	8.134
	157.859	116.732

b) Contingent assets and liabilities:

As at 31 March 2022, the Group has letters of guarantee given amounting to TL 22.972 (31 December 2021: TL 5.973). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

	31 March 2022	31 December 2021
A. Total value of GPM provided in favour of the Company itself	22.972	5.973
i. TL	22.972	5.973
B. Total value of GPM provided in favour of the subsidiary	602.576	646.160
C. Total value of GPM provided in favour of third parties engaged in ordinary course of operations	-	-
D. Total value of other GPM	-	-
i. Provided in favour of the main shareholder	-	-
ii. Provided in favour of related parties excluding those mentioned at article B and C above	-	-
iii. Provided in favour of third parties excluding those mentioned at C above	-	-
	625.548	652.133

The ratio of total value of other GPM to equity is 0% at 31 March 2022 (31 December 2021: 0%).

NOTE 11 - CAPITAL RESERVES AND OTHER SHARE CAPITAL RESERVES

a) Share capital:

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of full TL 0,01. The Company's historical authorized registered share capital at 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Registered share capital (historical values)	500.000	500.000
Share capital with a nominal value	322.508	322.508

The compositions of the Company's share capital were as follows:

	31 March 2022		31 December 2021	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd.	308.597	95,69	308.597	95,69
Public quotation	13.911	4,31	13.911	4,31
	322.508		322.508	

There are 32.250.825.300 (31 December 2021: 32.250.825.300) units of shares with a face value of full TL 0,01 each. There are no preferred shares.

	Historical value	Restated value	Adjustment to share capital
Share capital	322.508	600.121	277.613

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NOTE 11 - CAPITAL RESERVES AND OTHER SHARE CAPITAL RESERVES (Continued)

b) Other equity items:

	31 March 2022	31 December 2021
Adjustment to share capital	277.613	277.613
Restricted reserves appropriated from profits	124.392	124.392
Share premium	154	154
	402.159	402.159

The legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions.

Other equity items shall be carried at the amounts in accordance with the Turkish Financial Reporting Standards.

c) Accumulated profits:

As at 31 March 2022, accumulated profit in condensed consolidated financial position of the Group prepared in accordance with Turkish Financial Reporting Standards amount to TL 2.211.464 (31 December 2021: TL 1.007.231).

There is not any privilege as to dividends. The policy of the Company concerning dividend distribution is to distribute the profit considering its medium and long term strategies, financial situation, the investments and financial plans, other fund requirements, market conditions, economical environment, Capital Market Board legislations and Turkish Commercial Code.

In the event that distributable profit is available in accordance with relevant regulation, the dividend distribution resolution to be taken by the Board of Directors in the form of cash and/or shares and/or installments as long as the amount is not below than 20% of the distributable profit within the frame of the provisions of Capital Market Board legislation and Turkish Commercial Code shall be submitted to the approval of General Assembly; and the distribution shall be completed within legal terms.

NOTE 12 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current income tax liability:

	31 March 2022	31 December 2021
Provision for corporate tax expense	78.881	326.890
Less: Prepaid taxes	3.431	(201.421)
Current income tax liability	82.312	125.469

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the condensed consolidated financial statements, have been calculated on a separate-entity basis.

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NOTE 12 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporation tax is payable at a rate of 23% for the year 2022 (31 December 2021: 25%). On the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed. Corporations are required to pay advance corporation tax quarterly at the rate of 23% (31 December 2021: 25%) on their corporate income. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to examine tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2021: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

The law on amending the Tax Procedure Law and the Corporate Tax was enacted on 20 January 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Taxation on income for the periods 31 March 2022 and 2021 is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Current tax expense	(78.881)	(28.649)
Deferred tax expense	(10.862)	(1.973)
	(89.743)	(30.622)

Reconciliation of the taxation on income for the periods 31 March 2022 and 2021 is as follows:

	1 January - 31 March 2022	1 January - 31 March 2021
Income before tax	316.097	147.401
Tax calculated at tax rates applicable	(71.130)	(29.480)
Other adjustments not subject to tax	(16.261)	2.784
Expenses not deductible for tax purposes	(3.123)	(4.213)
Exemptions	771	287
Tax expense	(89.743)	(30.622)

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NOTE 12 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the condensed consolidated financial statements and the statutory tax condensed consolidated financial statements. Deferred taxes are calculated on temporary differences that are expected to be realized or settled under the liability method using the principal enacted tax rate of 23% (31 December 2021: 25%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not net off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 March 2022 and 31 December 2021, using enacted tax rates at the statement of financial position dates, are as follows:

	31 March 2022		31 December 2021	
	Cumulative temporary differences	Deferred tax (liability)/asset	Cumulative temporary differences	Deferred tax (liability)/asset
Property, plant and equipment and intangible fixed assets	(220.703)	44.117	(232.900)	46.557
Inventory	(31.041)	7.071	(19.919)	4.980
Provision for employment termination benefits	(52.218)	10.847	(51.977)	10.421
Provision for unused vacation and other provisions	(85.866)	21.087	(128.908)	32.227
Provision for impairment of financial investments	(3.463)	769	(3.463)	865
Provision for doubtful receivables	(22.367)	5.137	(21.175)	5.294
Other - net	77.944	(13.133)	67.231	(13.218)
		75.895		87.125

Thereof:

	31 March 2022	31 December 2021
Subsidiaries with net deferred income tax assets	75.895	87.125
	75.895	87.125

Movement of deferred tax assets for the periods 31 March 2022 and 2021 are as follows:

	2022	2021
1 January	87.125	9.353
Profit or loss effect	(10.862)	(1.973)
Other comprehensive income effect	(368)	(234)
31 March	75.895	7.146

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NOTE 13 - EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the current year by the weighted average number of ordinary shares in issue during the year.

		1 January - 31 March 2022	1 January - 31 March 2021
Net profit for the year	A	226.354	116.779
Number of ordinary shares with a full TL 1 face value	B	32.250.825.300	32.250.825.300
Gain per 100 shares (full TL)	A/B	0,70	0,36

There are no differences between basic and diluted gain per share for the periods 31 March 2022 and 2021.

NOTE 14 - FINANCIAL INVESTMENTS

	31 March 2022	31 December 2021
Financial assets at fair value through profit or loss	308.014	59.990
Financial assets at fair value through other comprehensive income	167	167
	308.181	60.157

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are financial assets held for trading and stated below:

	31 March 2022	31 December 2021
Certificates of deposits	308.014	59.990
	308.014	59.990

The financial assets which are acquired principally for the purpose of selling in the short term and classified as financial assets at fair value through profit or loss, consist of financial instruments that are traded in active markets and measured at their fair values derived from their quoted prices as of 31 March 2022.

Bonds and certificate of deposits are dominated in USD and weighted average annual interest rate is 0,94% (31 December 2021: 0,43%).

Movements of financial assets at fair value through profit or loss are as follows:

	2022	2021
1 January	59.990	146.812
Purchase of financial investments	229.213	105.083
Sale of financial investments	-	(43.584)
Fair value gain/(loss)	18.811	(66)
31 March	308.014	208.245

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NOTE 15 - FOREIGN CURRENCY POSITION

Foreign Currency Position Schedule

	31 March 2022				31 December 2021			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	16.252	200	712	1.729	20.383	110	1.202	783
2a. Monetary Financial Assets (Including Cash, Bank accounts)	1.494.136	64.726	33.565	112	1.196.027	67.753	19.410	114
2b. Non-Monetary Financial Assets	268.505	76	15.959	7.492	58.616	76	3.705	1.707
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	1.778.893	65.002	50.236	9.333	1.275.026	67.939	24.317	2.604
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	34.311	-	2.107	-	12.929	-	857	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	34.311	-	2.107	-	12.929	-	857	-
9. Total Assets (4+8)	1.813.204	65.002	52.343	9.333	1.287.955	67.939	25.174	2.604
10. Trade Payables	(158.635)	(706)	(9.074)	(242)	(41.951)	(971)	(1.918)	(69)
11. Financial Liabilities	(8.631)	-	(529)	-	(8.126)	-	(539)	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	(167.266)	(706)	(9.603)	(242)	(50.077)	(971)	(2.457)	(69)
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(18.240)	-	(1.118)	-	(18.348)	-	(1.217)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	(1.045)	(39)	-	(473)	(34.590)	(2.555)	-	(473)
17. Long Term Liabilities (14+15+16)	(19.285)	(39)	(1.118)	(473)	(52.938)	(2.555)	(1.217)	(473)
18. Total Liabilities (13+17)	(186.551)	(745)	(10.721)	(715)	(103.015)	(3.526)	(3.674)	(542)
19. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
19b. Amount of Liability Nature Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
20. Net Foreign Asset/(Liability) Position (9-18+19)	1.626.653	64.257	41.622	8.618	1.184.940	64.413	21.500	2.062
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	1.324.882	64.220	23.556	1.599	1.147.985	66.892	16.938	828
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging								
23. Amount of foreign currency denominated assets hedged	-	-	-	-	-	-	-	-
24. Amount of foreign currency denominated liabilities hedged	-	-	-	-	-	-	-	-

As of 31 March 2022, Group's export and import amounts are TL 84.846 and TL 185.415 respectively.

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NOTE 15 - FOREIGN CURRENCY POSITION (Continued)

31 March 2022:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD - nets	93.897	(93.897)
2- The part of USD risk hedged (-)	-	-
3- USD effect - net (1+2)	93.897	(93.897)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro - net	38.431	(38.431)
5- The part of EUR risk hedged (-)	-	-
6- Euro effect - net (4+5)	38.431	(38.431)
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies - net	160	(160)
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect - net (7+8)	160	(160)
TOTAL (3+6+9)	132.488	(132.488)

31 December 2021:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD - nets	85.874	(85.874)
2- The part of USD risk hedged (-)	-	-
3- USD effect - net (1+2)	85.874	(85.874)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro - net	32.414	(32.414)
5- The part of EUR risk hedged (-)	-	-
6- Euro effect - net (4+5)	32.414	(32.414)
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies - net	206	(206)
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect - net (7+8)	206	(206)
TOTAL (3+6+9)	118.494	(118.494)

There is no effect of foreign currency changes on equity apart from the effects on net income as of 31 March 2022 and 31 December 2021.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 15 - FOREIGN CURRENCY POSITION (Continued)

Capital risk management:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total liability less cash and cash equivalents and financial investments.

	31 March 2022	31 December 2021
Total liabilities	2.616.022	1.843.331
Less: Cash and cash equivalents	(1.489.096)	(1.468.521)
Less: Financial assets at fair value through profit/loss	(308.014)	(59.990)
Net debt	818.912	314.820
Total equity	3.154.396	2.926.569
Debt/equity ratio	26%	11%

NOTE 16 - FINANCIAL INSTRUMENTS

Classes of financial instruments and their fair values:

31 March 2022:

	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	1.489.096	-	1.489.096	17
Trade receivables	1.154.202	-	1.154.202	4
Financial Investments	-	308.014	308.014	14
<u>Financial liabilities</u>				
Trade payables	715.491	-	715.491	4
Lease liabilities	107.612	-	107.612	5
Bank loans	553.311	-	553.311	5

31 December 2021:

	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	1.468.521	-	1.468.521	17
Trade receivables	1.047.328	-	1.047.328	4
Financial Investments	-	59.990	59.990	14
<u>Financial liabilities</u>				
Trade payables	467.541	-	467.541	4
Lease liabilities	99.307	-	99.307	5
Bank loans	5.303	-	5.303	5

The Group management believes that the book values of financial instruments reflect their corresponding fair values.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

NOTE 17 - CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
Banks	1.488.840	1.468.250
- USD denominated time deposits	634.857	869.761
- Euro denominated time deposits	546.623	292.827
- TL denominated time deposits	285.430	259.565
- USD denominated demand deposits	4.534	33.318
- TL denominated demand deposits	17.396	12.779
Cash in hand	256	271
	1.489.096	1.468.521

TL denominated time deposits of TL 285.430 (31 December 2021: TL 259.565) at 31 March 2022 has an interest rate of 16,75% p.a. (31 December 2021: 23,90% p.a.) and maturity is on 20 August 2022 (31 December 2021: 3 January 2022) whereas USD denominated time deposits of USD 43.373 (31 December 2021: USD 65.253) at 31 March 2022 has an interest rate of 1,60% p.a. (31 December 2021: 0,63% p.a.) and its weighted average maturity is on 19 April 2022 (31 December 2021: 10 January 2022). Euro denominated time deposits of Euro 33.565 (31 December 2021: Euro 19.410) at 31 March 2022 has an interest rate of 2,64% p.a. (31 December 2021: 0,49%) and its weighed maturity is on 23 April 2022 (31 December 2021: 18 January 2022).

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