

**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 - 30 JUNE 2020 TOGETHER  
WITH LIMITED REVIEW REPORT**

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENT AND NOTES  
FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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**TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş. AND ITS SUBSIDIARY****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 JUNE 2020***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)*

		<i>Current Period Reviewed</i>	<i>Prior Period Audited</i>
	<b>Notes</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2.141.154</b>	<b>1.541.329</b>
Cash and Cash Equivalents	16	940.464	347.427
Financial Investments		167	167
- Financial Assets at Fair Value Through Other Comprehensive Income		167	167
Trade Receivables	4	859.553	849.027
- Due from Related Parties	3	562	326
- Due from Third Parties		858.991	848.701
Other Receivables		2.107	9.850
- Due from Third Parties		2.107	9.850
Inventories		278.853	297.407
Prepaid Expenses		59.264	37.183
- Prepaid Expenses from Third Parties		59.264	37.183
Other Current Assets		746	268
- Other Current Assets from Third Parties		746	268
<b>Non-Current Assets</b>		<b>1.048.584</b>	<b>993.885</b>
Other Receivables		213	227
- Due from Third Parties		213	227
Investment Properties	6	1.412	1.522
Property, Plant and Equipment	7	874.417	831.127
- Land		14.073	14.073
- Land Improvements		11.519	9.960
- Buildings		58.869	61.152
- Machinery and Equipment		374.513	376.174
- Motor Vehicles		7.045	7.836
- Furniture and Fixtures		377.546	352.040
- Construction in Progress		30.852	9.892
Right of Use Assets	8	32.456	28.925
Intangible Assets	9	8.839	9.932
- Rights		8.839	9.932
Deferred Tax Asset	12	37.270	27.390
Prepaid Expenses		93.977	94.762
- Prepaid Expenses from Third Parties		93.977	94.762
<b>TOTAL ASSETS</b>		<b>3.189.738</b>	<b>2.535.214</b>

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 30 JUNE 2020

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

Notes	<i>Current Period Reviewed</i> 30 June 2020	<i>Prior Period Audited</i> 31 December 2019
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>1.678.952</b>	<b>1.120.893</b>
Current Borrowings	544.678	132.653
- Current Borrowings from Third Parties	544.678	132.653
- Bank Loans	5 534.041	115.321
- Lease Liabilities	8 10.637	17.332
Short-term Portion of Long-term Borrowings	-	24.297
- Short-term Portion of Long-term Borrowings from Third Parties	-	24.297
- Bank Loans	5 -	24.297
Trade Payables	4 290.017	234.212
- Due to Related Parties	3 5.217	4.281
- Due to Third Parties	284.800	229.931
Other Payables	43.364	43.167
- Due to Third Parties	43.364	43.167
Deferred Income	7.738	912
- Deferred Income from Third Parties	7.738	912
Current Income Tax Liability	12 38.537	33.201
Short-term Provisions	149.917	112.930
- Provision for Employee Benefits	43.331	60.643
- Other Short-term Provisions	10 106.586	52.287
Other Current Liabilities	604.701	539.521
- Other Current Liabilities due to Third Parties	604.701	539.521
<b>Non-current liabilities</b>	<b>79.576</b>	<b>108.422</b>
Long-term Borrowings	23.479	58.341
- Long-term Borrowings from Third Parties	23.479	58.341
- Bank Loans	5 -	48.593
- Lease Liabilities	8 23.479	9.748
Long-term Provisions	27.843	24.223
- Provision for Employee Benefits	27.843	24.223
Deferred Tax Liability	12 28.254	25.858
<b>TOTAL LIABILITIES</b>	<b>1.758.528</b>	<b>1.229.315</b>
<b>EQUITY</b>	<b>1.431.210</b>	<b>1.305.899</b>
<b>Equity Attributable to Equity Holders of the Group</b>	<b>1.431.210</b>	<b>1.305.899</b>
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)	(4.636)	(3.902)
- Revaluation of Defined Employee Benefits (Losses) Plans	(4.636)	(3.902)
Restricted Reserves Appropriated from Profits	105.057	91.512
- Legal Reserves	11 105.057	91.512
Accumulated Profits or Losses	11 604.469	180.555
Net Profit or Loss for the Period	126.045	437.459
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3.189.738</b>	<b>2.535.214</b>

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

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY- 30 JUNE 2020

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

	Notes	Reviewed Current Period 1 January - 30 June 2020	Not Reviewed Current Period 1 April - 30 June 2020	Reviewed Current Period 1 January - 30 June 2019	Not Reviewed Prior Period 1 April - 30 June 2019
<b>Profit or Loss</b>					
Revenue		946.758	582.997	853.764	502.213
Cost of sales		(492.609)	(290.072)	(428.006)	(245.794)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>454.149</b>	<b>292.925</b>	<b>425.758</b>	<b>256.419</b>
<b>GROSS PROFIT (LOSS)</b>		<b>454.149</b>	<b>292.925</b>	<b>425.758</b>	<b>256.419</b>
General administrative expenses		(50.395)	(24.533)	(40.817)	(19.414)
Marketing, selling and distribution expenses		(251.770)	(132.051)	(239.115)	(134.161)
Other income from operating activities		29.416	9.543	14.889	3.517
Other expense from operating activities		(27.336)	(4.235)	(27.795)	(13.317)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>154.064</b>	<b>141.649</b>	<b>132.920</b>	<b>93.044</b>
Income from investment activities		58.072	31.175	55.445	12.497
Expenses from investment activities		(7.583)	(4.900)	(11.984)	(9.582)
<b>PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSES)</b>		<b>204.553</b>	<b>167.924</b>	<b>176.381</b>	<b>95.959</b>
Financial expenses		(41.403)	(23.246)	(54.985)	(35.177)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>163.150</b>	<b>144.678</b>	<b>121.396</b>	<b>60.782</b>
<b>Tax (expense) income, continuing operations</b>		<b>(37.105)</b>	<b>(27.971)</b>	<b>(29.647)</b>	<b>(13.201)</b>
- Current period tax (expense) income	12	(44.406)	(38.624)	(29.978)	(18.017)
- Deferred tax (expense) income	12	7.301	10.653	331	4.816
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>126.045</b>	<b>116.707</b>	<b>91.749</b>	<b>47.581</b>
<b>PROFIT (LOSS)</b>		<b>126.045</b>	<b>116.707</b>	<b>91.749</b>	<b>47.581</b>
<b>Profit (loss), attributable to:</b>					
Non-controlling interests		-	-	-	-
Equity holders of the Group		126.045	116.707	91.749	47.581
		<b>126.045</b>	<b>116.707</b>	<b>91.749</b>	<b>47.581</b>
<b>Earnings per 100 shares for net profit attributable to the equity holders of the parent company (full TL)</b>	<b>13</b>	<b>0,39</b>	<b>0,36</b>	<b>0,28</b>	<b>0,15</b>
<b>Other comprehensive income\expense):</b>					
<b>Items that will not be reclassified to profit or loss</b>		<b>(734)</b>	<b>(1.195)</b>	<b>(609)</b>	<b>(886)</b>
- Gains (losses) on remeasurements of defined benefit plans		(917)	(1.493)	(761)	(1.107)
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		183	298	152	221
- Taxes relating to gains (losses) on remeasurements of defined benefit plans	12	183	298	152	221
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(734)</b>	<b>(1.195)</b>	<b>(609)</b>	<b>(886)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>125.311</b>	<b>115.512</b>	<b>91.140</b>	<b>46.695</b>
<b>Allocation of comprehensive income:</b>					
Non-controlling interests		-	-	-	-
Equity holders of the Group		125.311	115.512	91.140	46.695
		<b>125.311</b>	<b>115.512</b>	<b>91.140</b>	<b>46.695</b>

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- 30 JUNE 2020

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

Reviewed	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		
<b>Balances at 1 January 2019</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(3.588)</b>	<b>18.642</b>	<b>362.420</b>	<b>427.671</b>	<b>1.405.420</b>	<b>1.405.420</b>
Transfers	-	-	-	-	20.816	406.855	(427.671)	-	-
Dividends	-	-	-	-	52.054	(588.720)	-	(536.666)	(536.666)
Total comprehensive income (loss)	-	-	-	(609)	-	-	91.749	91.140	91.140
- Profit (loss) for the period	-	-	-	-	-	-	91.749	91.749	91.749
- Other comprehensive income (loss)	-	-	-	(609)	-	-	-	(609)	(609)
<b>Balances at 30 June 2019</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(4.197)</b>	<b>91.512</b>	<b>180.555</b>	<b>91.749</b>	<b>959.894</b>	<b>959.894</b>
<i>Reviewed</i>									
<b>Balances at 1 January 2020</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(3.902)</b>	<b>91.512</b>	<b>180.555</b>	<b>437.459</b>	<b>1.305.899</b>	<b>1.305.899</b>
Transfers	-	-	-	-	13.545	423.914	(437.459)	-	-
Total comprehensive income (loss)	-	-	-	(734)	-	-	126.045	125.311	125.311
- Profit (loss) for the period	-	-	-	-	-	-	126.045	126.045	126.045
- Other comprehensive income (loss)	-	-	-	(734)	-	-	-	(734)	(734)
<b>Balances at 30 June 2020</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(4.636)</b>	<b>105.057</b>	<b>604.469</b>	<b>126.045</b>	<b>1.431.210</b>	<b>1.431.210</b>

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 - 30 JUNE 2020

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

Notes	<i>Current Period Reviewed 1 January - 30 June 2020</i>	<i>Prior Period Reviewed 1 January - 30 June 2019</i>
<b>Cash Flows From Operating Activities</b>		
<b>Profit (loss) for the period</b>	<b>126.045</b>	<b>91.749</b>
- Profit (loss) for the period from continuing operations	126.045	91.749
<b>Adjustments to reconcile net profit (loss) for the period</b>	<b>210.762</b>	<b>210.944</b>
Adjustments for depreciation and amortisation expense	124.633	97.432
Adjustments for (reversal of) impairment loss	6.611	4.742
Adjustments for (reversal of) impairment loss on receivables	6.603	4.854
Adjustments for (reversal of) impairment loss on inventory	8	(112)
Adjustments for provisions	69.513	50.214
Adjustments for (reversal of) provision related to employee Benefits	15.185	21.091
Adjustments for (reversal of) provision related with legal case	-	928
Adjustments for (reversal of) other provisions	54.328	28.195
Adjustments for interest (income) expenses	9.587	41.394
Adjustments for interest income	(24.970)	(4.342)
Adjustment for interest expenses	37.743	40.773
Incurred finance expense due to sales	(1.687)	720
Unearned finance income due to purchases	(1.499)	4.243
Adjustments for fair value losses (gains)	-	552
Adjustments for fair value losses (gains) of financial assets	-	552
Adjustments for taxation (income) expense	37.105	29.647
Adjustments for losses (gains) on sale of fixed assets	(14)	(935)
Adjustments for losses (gains) on sale of tangible assets	(14)	(935)
Adjustments for unrealized foreign exchange losses	(36.673)	(12.102)
<b>Changes in working capital</b>	<b>119.072</b>	<b>(359.389)</b>
Adjustments for (increase) decrease in trade receivables	(15.442)	(288.522)
(Increase) decrease in trade receivables from related party	(236)	-
(Increase) decrease in trade receivables from third party	(15.206)	(288.522)
Adjustments for decrease (increase) in other receivables	7.757	(5.425)
Decrease (increase) in other receivables from third party	7.757	(5.425)
Adjustments for (increase) decrease in inventories	18.546	(35.419)
(Increase) decrease in prepaid expenses	(21.296)	(71.180)
Adjustments for increase (decrease) in trade payables	57.304	(12.410)
Increase (decrease) in trade payables to related parties	936	(685)
Increase (decrease) in trade payables to third parties	56.368	(11.725)
Adjustments for increase (decrease) in other payables	197	791
Increase (decrease) in other payables from third parties	197	791
Increase (decrease) in deferred income	6.826	(3.191)
Adjustments for increase (decrease) in working capital	65.180	55.967
Increase (decrease) in other liabilities	65.180	55.967
	<b>455.879</b>	<b>(56.696)</b>

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 - 30 JUNE 2020

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

	Notes	<i>Current Period Reviewed 1 January - 30 June 2020</i>	<i>Prior Period Reviewed 1 January - 30 June 2019</i>
Provisions paid related to employee benefits		(29.794)	(31.763)
Payments for other provisions		(29)	-
Income taxes returns (paid)		(39.070)	(23.056)
<b>Net Cash Generated From/(Used In) Operating Activities</b>		<b>386.986</b>	<b>(111.515)</b>
<b>Cash Flow From Investing Activities:</b>			
Cash inflow from sale of tangible and intangible assets		389	1.810
Cash inflow from sale of tangible assets		389	1.810
Cash inflow from sale of intangible assets		-	-
Cash outflow from purchase of tangible and intangible assets		(157.320)	(176.056)
Cash outflow from purchase of tangible assets	7	(156.343)	(175.858)
Cash outflow from purchase of intangible assets	9	(977)	(198)
Interest received		26.811	4.566
Cash inflow from sale of equity or debt instruments of other companies		-	580.574
Cash outflow from acquisition of equity or debt instruments of other companies		-	(204.344)
<b>Net Cash (Used In)/Generated From Investing Activities</b>		<b>(130.120)</b>	<b>206.550</b>
<b>Cash Flow From Financing Activities</b>			
Proceeds from Borrowings		1.457.295	2.057.228
Proceeds from Loans		1.457.295	2.057.228
Repayments of Borrowings		(1.107.970)	(1.527.858)
Loan Repayments		(1.107.970)	(1.527.858)
Financial Lease Repayments		(14.274)	(4.453)
Dividends Paid		-	(536.666)
Interest Paid		(28.789)	(33.069)
<b>Net Cash Generated From/(Used In) Financing Activities</b>		<b>306.262</b>	<b>(44.818)</b>
<b>Net Increase in Cash and Cash Equivalents Before Currency Translation Differences</b>		<b>563.128</b>	<b>50.217</b>
Effect of currency translation differences on cash and cash equivalents		29.909	12.102
<b>Net Increase in Cash and Cash Equivalents</b>		<b>593.037</b>	<b>62.319</b>
Cash and cash equivalents at the beginning of the period	16	347.427	146.537
<b>Cash and Cash Equivalents at the end of the Period</b>		<b>940.464</b>	<b>208.856</b>

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 - 30 JUNE 2020

(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 30 June 2020, the shares traded on BIST are 4,31% (31 December 2019: 4,31%) of the total shares. 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 30 June 2020 is 1.468 (31 December 2019: 1.434).

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 2019: 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 19 August 2020. 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 CONDENSED 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 - 30 JUNE 2020

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

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#### **NOTE 2 - BASIS OF PRESENTATION OF CONDENSED 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 2019.

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.

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

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

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.

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 30 June 2020 and 31 December 2019 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 condensed 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 condensed consolidated financial statements and the condensed consolidated statement of profit or loss and other comprehensive income statements of the Subsidiary are consolidated using the full consolidation method.

Condensed consolidated statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non - controlling interests. 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.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

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

#### 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.

### 2.2 New and Revised Turkish Accounting Standards

#### 2.2.1 Standards, amendments and interpretations applicable as at 30 June 2020

IFRS 9, TAS 39 and IFRS 7	<i>Amendments to Interest Rate Benchmark Reform<sup>1</sup></i>
IFRS 3	<i>Amendments to Definition of a Business<sup>1</sup></i>
IFRS 16	<i>Amendments to Leases<sup>1</sup></i>
TAS 1 and TAS 8	<i>Amendments to Definition of Material<sup>1</sup></i>

<sup>1</sup>Effective for annual periods beginning after 1 January 2020.

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.

#### **IFRS 16 Leases of Standard**

Effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts.

The TASB has included an optional exemption for certain short - term leases and leases of low - value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the TASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

#### 2.2.2 Standards, amendments and interpretations applicable as at 30 June 2020

TAS 1	<i>Amendment to Presentation of Financial Statements<sup>1</sup></i>
TFRS 17	<i>Insurance Contracts<sup>1</sup></i>
TAS 16	<i>Amendment to Property Plant and Equipment<sup>1</sup></i>
TFRS 3	<i>Amendments to Definition of a Business<sup>1</sup></i>
TAS 37	<i>Amendment to Provisions Contingent Liabilities and Contingent Assets<sup>1</sup></i>
TAS 41	<i>Amendment to Agriculture<sup>1</sup></i>
TFRS 9	<i>Amendment to Financial Instruments<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

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 year ended 1 January - 31 December 2019. The condensed consolidated financial statements for the period between 1 January - 30 June 2020 should be read in conjunction with the annual consolidated financial statements for the year ended 1 January - 31 December 2019.

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

#### Significant Changes Regarding the Current Period

Necessary actions have been taken by the Group management to minimize the possible effects of Covid - 19, which affects the whole world, on the Group's activities and financial status. Due to the Covid - 19 epidemic, in parallel with the developments/slowdowns in both the Group's sector and in the general economic activity, there were pauses in the sales processes, especially during the periods when curfews were imposed. On the other hand, actions were taken by the Group for optimization of investment expenditures, operational expenses and stocks, and the cash management strategy was reviewed in order to strengthen its liquidity position. With the reduction of restrictions to prevent the spread of the epidemic, especially the recovery in demand had a positive effect on the Group's activities.

While preparing the interim condensed consolidated financial statements dated 30 June 2020, the Group evaluated the possible effects of the Covid - 19 outbreak on the condensed financial statements and reviewed the estimates and assumptions used in the preparation of the condensed consolidated financial statements. In this context, the Group has tested possible impairment in the values of inventories and tangible fixed assets included in the interim consolidated financial statements dated 30 June 2020, and no impairment was detected.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

### NOTE 3 - RELATED PARTY DISCLOSURES

#### a) Trade receivables from related parties:

TL 562 (31 December 2019: TL 326).

#### b) Trade payables due to related parties:

	30 June 2020	31 December 2019
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	5.153	4.163
Other	64	118
	<b>5.217</b>	<b>4.281</b>

Trade payables due to related parties has a weighted average maturity of one month (31 December 2019: one month).

#### c) Product and service sales:

TL 2.966 (1 January - 30 June 2019: None).

#### d) Product and service purchases:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Desa Enerji	17.212	9.795	15.560	9.036
Other	414	129	738	582
	<b>17.626</b>	<b>9.924</b>	<b>16.298</b>	<b>9.618</b>

The Group purchases electricity and hot water from Desa Enerji.

#### e) 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 - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Short-term employee benefits	8.463	3.807	7.717	4.569
Termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Share-based payments	-	-	-	-
Other	87	67	56	39
	<b>8.550</b>	<b>3.874</b>	<b>7.773</b>	<b>4.608</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

### NOTE 4 - TRADE RECEIVABLE AND PAYABLES

#### a) Short - term trade receivables:

	30 June 2020	31 December 2019
Customer current accounts	673.670	671.545
Credit card receivables	200.651	162.561
Notes receivables and customer cheques	51.859	76.868
Due from related parties (Note 3)	562	326
	<b>926.742</b>	<b>911.300</b>
Less: Provision for doubtful receivables	(63.553)	(56.950)
Incurred finance expense due to sales	(3.636)	(5.323)
	<b>859.553</b>	<b>849.027</b>

The effective weighted average interest rate applied to TL denominated receivables is 6,84% p.a. (31 December 2019: 11,14% p.a.) as of 30 June 2019. Trade receivables are all short term with a weighted average maturity of one month (31 December 2019: one month).

Movements in the provision for doubtful receivables are as follows:

	2020	2019
<b>1 January</b>	<b>(56.950)</b>	<b>(44.341)</b>
Collections in the current year	337	383
Reversal of provision	11.866	5.832
Charged to the consolidated statement of profit or loss and other comprehensive income	(18.806)	(11.069)
<b>30 June</b>	<b>(63.553)</b>	<b>(49.195)</b>

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.

#### b) Short - term trade payables:

	30 June 2020	31 December 2019
Supplier current accounts	257.584	208.704
Due to related parties (Note 3)	5.217	4.281
Accrued expenses	30.016	22.528
Less: Unearned finance income due to purchases	(2.800)	(1.301)
	<b>290.017</b>	<b>234.212</b>

The effective weighted average interest rate on TL denominated payables is 6,90% p.a. as of 30 June 2020 (31 December 2019: 11,16% p.a.). Short - term payables have a weighted average maturity of one month (31 December 2019: one month).

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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### NOTE 5 - BORROWINGS AND BORROWING COSTS

	30 June 2020			31 December 2019		
	Effective Interest Rate(%)	Original Currency	TL Equivalent	Effective Interest Rate(%)	Original Currency	TL Equivalent
<b>Current bank loans</b>						
Fixed Interest Rate - TL (*)	7,96	534.041	534.041	10,20	115.321	115.321
<b>Short - term portion of long - term bank loans</b>						
Fixed Interest Rate - TL (*)	-	-	-	10,55	24.297	24.297
<b>Current bank loans</b>		<b>534.041</b>	<b>534.041</b>		<b>139.618</b>	<b>139.618</b>
<b>Long - term bank loans</b>						
Fixed Interest Rate - TL (*)	-	-	-	10,55	48.593	48.593
<b>Long - term bank loans</b>		<b>-</b>	<b>-</b>		<b>48.593</b>	<b>48.593</b>
<b>Total</b>		<b>534.041</b>	<b>534.041</b>		<b>188.211</b>	<b>188.211</b>

(\*) As of 30 June 2020, all bank loans consist of short - term loans, and the weighted average payment term is 10 January 2021 (31 December 2019; 20 August 2020 for short - term bank loans and 18 November 2021 for long - term bank loans).

Net financial debt reconciliation for the periods between 1 January - 30 June 2020 and 2019 is as follows:

	2020	2019
<b>1 January</b>	<b>(132.136)</b>	<b>(442.474)</b>
TFRS 16 transition effect	-	(26.870)
Proceeds from borrowings	1.457.295	2.057.311
Change in lease liabilities	7.036	60.861
Repayments of borrowings	(1.107.970)	(1.519.911)
Interest accrual	(3.495)	(4.015)
Less: Change in cash and cash equivalents and instruments	(593.037)	314.463
<b>30 June</b>	<b>(372.307)</b>	<b>439.365</b>

### NOTE 6 - INVESTMENT PROPERTIES

	1 January 2020	Additions	Disposals	Transfers	30 June 2020
Buildings and land improvements:					
Cost	3.868	-	-	-	3.868
Accumulated depreciation	(2.346)	(110)	-	-	(2.456)
<b>Net book value</b>	<b>1.522</b>				<b>1.412</b>
	1 January 2019	Additions	Disposals	Transfers	30 June 2019
Buildings and land improvements:					
Cost	3.815	52	-	-	3.867
Accumulated depreciation	(2.127)	(107)	-	-	(2.234)
<b>Net book value</b>	<b>1.688</b>				<b>1.633</b>



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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

#### NOTE 6 - INVESTMENT PROPERTIES (Continued)

Total rental income from the investment properties between 1 January - 30 June 2020 amounts to TL 123 (1 January - 30 June 2019: TL 112). There are no operating expenses arising from the investment property.

As of 30 June 2020, 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 30 June 2020 are as follows:

#### Fair values as at 30 June 2020

	30 June 2020	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property unit located in Ankara	5.705	-	-	5.705
Commercial property unit located in İzmir	4.535	-	-	4.535

#### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 30 June 2020 were as follows:

	1 January 2020	Additions	Disposals	Transfers	30 June 2020
<b>Cost:</b>					
Land	14.073	-	-	-	14.073
Land improvements	20.536	674	-	1.097	22.307
Buildings	128.793	150	-	668	129.611
Machinery and equipment	712.387	928	(18)	13.197	726.494
Furniture and fixtures	809.296	117.124	(2.468)	1.315	925.267
Motor vehicles	14.961	230	(69)	-	15.122
Construction in progress	9.892	37.237	-	(16.277)	30.852
	<b>1.709.938</b>	<b>156.343</b>	<b>(2.555)</b>	<b>-</b>	<b>1.863.726</b>
<b>Accumulated depreciation:</b>					
Land improvements	(10.576)	(212)	-	-	(10.788)
Buildings	(67.641)	(3.101)	-	-	(70.742)
Machinery and equipment	(336.213)	(15.769)	1	-	(351.981)
Furniture and fixtures	(457.256)	(92.575)	2.110	-	(547.721)
Motor vehicles	(7.125)	(1.021)	69	-	(8.077)
	<b>(878.811)</b>	<b>(112.678)</b>	<b>2.180</b>	<b>-</b>	<b>(989.309)</b>
<b>Net book value</b>	<b>831.127</b>				<b>874.417</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

#### NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January and 30 June 2019 were as follows:

	1 January 2019	Additions	Disposals	Transfers	30 June 2019
<b>Cost:</b>					
Land	13.831	242	-	-	14.073
Land improvements	19.657	67	-	127	19.851
Buildings	113.938	255	-	7.107	121.300
Machinery and equipment	630.560	33	-	33.979	664.572
Furniture and fixtures	575.612	115.383	(3.163)	9.654	697.486
Motor vehicles	13.678	509	(177)	-	14.010
Construction in progress	9.172	59.317	-	(50.867)	17.622
	<b>1.376.448</b>	<b>175.806</b>	<b>(3.340)</b>	<b>-</b>	<b>1.548.914</b>
<b>Accumulated depreciation:</b>					
Land improvements	(10.209)	(182)	-	-	(10.391)
Buildings	(62.168)	(2.621)	-	-	(64.789)
Machinery and equipment	(309.035)	(13.385)	-	-	(322.420)
Furniture and fixtures	(307.174)	(71.413)	2.298	-	(376.289)
Motor vehicles	(5.393)	(943)	167	-	(6.169)
	<b>(693.979)</b>	<b>(88.544)</b>	<b>2.465</b>	<b>-</b>	<b>(780.058)</b>
<b>Net book value</b>	<b>682.469</b>				<b>768.856</b>

Current year depreciation and amortisation expenses of TL 78.362 (30 June 2019: TL 60.956) have been charged to cost of production, TL 41.773 (30 June 2019: TL 32.422) to marketing, selling and distribution costs and TL 4.498 (30 June 2019: TL 4.054) to general administrative expenses.

There is no mortgage and pledge on property, plant and equipment as of 30 June 2020 and 31 December 2019.

#### NOTE 8 - RIGHT OF USE ASSETS

The balances and the depreciation and amortization expenses of the right-of-use assets as of 1 January -30 June 2020 and 1 January - 31 December 2019 are as follows:

1 January - 30 June 2020:

	Motor vehicles	Buildings	Total
Right-of-use assets – gross	51.227	6.956	58.183
Depreciation of right-of-use assets	(21.792)	(3.935)	(25.727)
<b>Right-of-use assets – net</b>	<b>29.435</b>	<b>3.021</b>	<b>32.456</b>

Movements of right-of-use assets for the accounting period 1 January - 30 June 2020 mainly consist of car lease agreements with an average lease term of 3 years.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

### NOTE 8 - RIGHT OF USE ASSETS (Continued)

1 January - 31 December 2019:

	Motor vehicles	Buildings	Total
Right-of-use assets - gross	37.921	6.956	44.877
Depreciation of right-of-use assets	(13.871)	(2.081)	(15.952)
<b>Right-of-use assets - net</b>	<b>24.050</b>	<b>4.875</b>	<b>28.925</b>

The lease liabilities as of 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Short term lease liabilities	(10.637)	(17.332)
Long term lease liabilities	(23.479)	(9.748)
	<b>(34.116)</b>	<b>(27.080)</b>

### NOTE 9 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the period 1 January - 30 June 2020 and 2019 were as follows:

	1 January 2020	Additions	Disposals	Transfers	30 June 2020
Rights	32.425	977	-	-	33.402
Accumulated amortisation	(22.493)	(2.070)	-	-	(24.563)
<b>Net book value</b>	<b>9.932</b>				<b>8.839</b>

	1 January 2019	Additions	Disposals	Transfers	30 June 2019
Rights	27.732	198	-	-	27.930
Accumulated amortisation	(20.183)	(1.568)	-	-	(21.751)
<b>Net book value</b>	<b>7.549</b>				<b>6.179</b>

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

### NOTE 10 – PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

#### a) Other short - term provisions:

	30 June 2020	31 December 2019
Provision for sales discounts	92.620	40.046
Other	13.966	12.241
	<b>106.586</b>	<b>52.287</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

#### b) Contingent assets and liabilities:

As at 30 June 2020, the Group has letters of guarantee given amounting to TL 6.949 (31 December 2019: TL 9.753). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

	30 June 2020	31 December 2019
A. Total value of GPM provided in favour of the Company itself	6.949	9.753
i. TL	6.949	9.753
B. Total value of GPM provided in favour of the subsidiary	521.285	470.912
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	-	-
	<b>528.234</b>	<b>480.665</b>

The ratio of total value of other GPM to equity is 0% at 30 June 2020 (31 December 2019: 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 1 full TL. The Company's historical authorized registered share capital at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
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 are as follows:

	30 June 2020		31 December 2019	
	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
	<b>322.508</b>		<b>322.508</b>	

There are 32.250.825.300 (31 December 2019: 32.250.825.300) units of shares with a face value of full TL 0,01. There are no preferred shares.

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

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

#### b) Other equity items:

	30 June 2020	31 December 2019
Adjustment to share capital	277.613	277.613
Restricted reserves appropriated from profits	105.057	91.512
Share premium	154	154
	<b>382.824</b>	<b>369.279</b>

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 Accounting Standards.

#### c) Accumulated profits:

As at 30 June 2020, accumulated profit in condensed consolidated financial position of the Group prepared in accordance with Turkish Accounting Standards amount to TL 604.469 (31 December 2019: TL 180.555).

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

##### Current income tax liability:

	30 June 2020	31 December 2019
Provision for corporate tax expense	44.406	115.648
Less: Prepaid taxes	(5.869)	(82.447)
<b>Current income tax liability</b>	<b>38.537</b>	<b>33.201</b>

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.

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

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

In accordance with the Law on the Amendment of Certain Tax Acts, published in the Official Gazette dated 5 December 2017, the corporate tax rate of all companies has been increased from 20% to 22% for the year 2020 (31 December 2019: 22%). 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 corporate tax quarterly at the rate of 22% (31 December 2019: 22%) 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 2019: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Taxation on income for the periods 1 January - 30 June 2020 and 2019 are as follows:

	<b>1 January - 30 June 2020</b>	<b>1 April - 30 June 2020</b>	<b>1 January - 30 June 2019</b>	<b>1 April - 30 June 2019</b>
Current tax expense	(44.406)	(38.624)	(29.978)	(18.017)
Deferred tax income	7.301	10.653	331	4.816
	<b>(37.105)</b>	<b>(27.971)</b>	<b>(29.647)</b>	<b>(13.201)</b>

Reconciliation of the taxation on income for the periods 1 January - 30 June 2020 and 2019 are as follows:

	<b>1 January - 30 June 2020</b>	<b>1 January - 30 June 2019</b>
<b>Income before tax</b>	<b>163.150</b>	<b>121.396</b>
Tax calculated at tax rates applicable	(35.893)	(26.707)
Expenses not deductible for tax purposes	(6.759)	(3.452)
Other adjustments not subject to tax	4.035	(656)
Exemptions	1.512	1.168
<b>Tax expense</b>	<b>(37.105)</b>	<b>(29.647)</b>

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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 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. Deferred taxes and liabilities are calculated on temporary differences that are expected in 2020 under the liability method using the principal enacted rate of 22% and 20% is used for cancellation of temporary differences in 2021 and subsequent periods (31 December 2019: 22%).

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 30 June 2020 and 31 December 2019, using enacted tax rates at the statement of financial position dates, was as follows:

	<u>30 June 2020</u>		<u>31 December 2019</u>	
	<b>Cumulative temporary differences</b>	<b>Deferred tax (liability)/asset</b>	<b>Cumulative temporary differences</b>	<b>Deferred tax (liability)/asset</b>
Property, plant and equipment and intangible fixed assets	25.052	(5.034)	36.138	(7.251)
Inventory	(14.556)	3.202	(8.050)	1.771
Provision for employment termination benefits	(27.843)	5.594	(24.223)	4.870
Provision for unused vacation and other provisions	(43.331)	9.533	(60.643)	13.342
Provision for impairment of financial investments	(3.463)	693	(3.463)	693
Provision for doubtful receivables	(30.364)	6.680	(24.317)	5.350
Other - net	57.086	(11.652)	79.697	(17.243)
		<b>9.016</b>		<b>1.532</b>

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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

Thereof:

	30 June 2020	31 December 2019
Subsidiaries with net deferred income tax assets	37.270	27.390
Subsidiaries with net deferred income tax liabilities	(28.254)	(25.858)
	<b>9.016</b>	<b>1.532</b>

Movement of deferred tax assets for years ended 30 June 2020 and 2019 are as follows:

	2020	2019
<b>1 January</b>	<b>1.532</b>	<b>337</b>
Profit or loss effect	7.301	331
Other comprehensive income effect	183	152
<b>30 June</b>	<b>9.016</b>	<b>820</b>

#### 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 - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Net profit for the year	A	126.045	116.707	91.749	47.581
Weighted number of ordinary shares	B	32.250.825.300	32.250.825.300	32.250.825.300	32.250.825.300
<b>Gain per 100 shares (full TL)</b>	<b>A/B</b>	<b>0,39</b>	<b>0,36</b>	<b>0,28</b>	<b>0,15</b>

There are no differences between basic and diluted gain per share for the periods ended 30 June 2020 and 2019.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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### NOTE 14 - FOREIGN CURRENCY POSITION

	Foreign Currency Position Schedule							
	30 June 2020				31 December 2019			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	6.801	967	24	-	1.476	225	21	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	221.401	12.604	17.531	29	145.370	7.702	14.971	52
2b. Non-Monetary Financial Assets	86.498	14	11.118	702	22.190	6	3.146	1.232
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>314.700</b>	<b>13.585</b>	<b>28.673</b>	<b>731</b>	<b>169.036</b>	<b>7.933</b>	<b>18.138</b>	<b>1.284</b>
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	6.863	-	890	-	5.884	-	885	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>6.863</b>	<b>-</b>	<b>890</b>	<b>-</b>	<b>5.884</b>	<b>-</b>	<b>885</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>321.563</b>	<b>13.585</b>	<b>29.563</b>	<b>731</b>	<b>174.920</b>	<b>7.933</b>	<b>19.023</b>	<b>1.284</b>
10. Trade Payables	(16.487)	(271)	(1.851)	(365)	(22.660)	(840)	(2.503)	(1.024)
11. Financial Liabilities	(5.874)	-	(762)	-	(3.492)	-	(525)	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(19)	-	-	(19)	(909)	(153)	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(22.380)</b>	<b>(271)</b>	<b>(2.613)</b>	<b>(384)</b>	<b>(27.061)</b>	<b>(993)</b>	<b>(3.028)</b>	<b>(1.024)</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(4.378)	-	(568)	-	(18.502)	-	(2.782)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>(4.378)</b>	<b>-</b>	<b>(568)</b>	<b>-</b>	<b>(18.502)</b>	<b>-</b>	<b>(2.782)</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(26.758)</b>	<b>(271)</b>	<b>(3.181)</b>	<b>(384)</b>	<b>(45.563)</b>	<b>(993)</b>	<b>(5.810)</b>	<b>(1.024)</b>
<b>19. Net Asset/(Liability) Position of Off-Financial Position</b>								
<b>Derivative Instruments (19a-19b)</b>	-	-	-	-	-	-	-	-
<b>19a. Net Asset/(Liability) Position of Off-Financial Position</b>								
<b>Derivative Instruments</b>	-	-	-	-	-	-	-	-
<b>19b. Amount of Liability Nature Off-Financial Position</b>								
<b>Derivative Instruments</b>	-	-	-	-	-	-	-	-
<b>20. Net Foreign Asset/(Liability) Position (9-18+19)</b>	<b>294.805</b>	<b>13.314</b>	<b>26.382</b>	<b>347</b>	<b>129.357</b>	<b>6.940</b>	<b>13.213</b>	<b>260</b>
<b>21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>201.463</b>	<b>13.300</b>	<b>14.374</b>	<b>(336)</b>	<b>102.192</b>	<b>7.087</b>	<b>9.182</b>	<b>(972)</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging</b>	-	-	-	-	-	-	-	-
<b>23. Amount of foreign currency denominated assets hedged</b>	-	-	-	-	-	-	-	-
<b>24. Amount of foreign currency denominated liabilities hedged</b>	-	-	-	-	-	-	-	-

As of 30 June 2020, Group's export and import amount to TL 54.183 and TL 149.684 respectively (31 December 2019: TL 113.487 and TL 340.172).

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**NOTE 14 - FOREIGN CURRENCY POSITION (Continued)**

**30 June 2020:**

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	9.100	(9.100)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>9.100</b>	<b>(9.100)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	11.084	(11.084)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>11.084</b>	<b>(11.084)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	(34)	34
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>(34)</b>	<b>34</b>
<b>TOTAL (3+6+9)</b>	<b>20.150</b>	<b>(20.150)</b>

**31 December 2019:**

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD- net	4.212	(4.212)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect- net (1+2)</b>	<b>4.212</b>	<b>(4.212)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro- net	7.956	(7.956)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect- net (4+5)</b>	<b>7.956</b>	<b>(7.956)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies- net	(97)	97
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect- net (7+8)</b>	<b>(97)</b>	<b>97</b>
<b>TOTAL (3+6+9)</b>	<b>12.071</b>	<b>(12.071)</b>

There is no effect of foreign currency changes on equity apart from the effects on net income as of 30 June 2020 and 31 December 2019.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2020

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### NOTE 15 - FINANCIAL INSTRUMENTS

#### Classes of financial instruments and their fair values:

<b>30 June 2020:</b>	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>				
Cash and cash equivalents	940.464	-	940.464	16
Trade receivables	859.553	-	859.553	4
<b><u>Financial liabilities</u></b>				
Bank loans	534.041	-	534.041	5
Trade payables	290.017	-	290.017	4
Lease liabilities	34.116	-	34.116	8
<b>31 December 2019:</b>	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Note
<b><u>Financial assets</u></b>				
Cash and cash equivalents	347.427	-	347.427	16
Trade receivables	849.027	-	849.027	4
<b><u>Financial liabilities</u></b>				
Bank loans	188.211	-	188.211	5
Trade payables	234.212	-	234.212	4
Lease liabilities	27.080	-	27.080	8

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

### NOTE 16 - CASH AND CASH EQUIVALENTS

	<b>30 June 2020</b>	<b>31 December 2019</b>
Banks	940.311	347.304
- TL denominated time deposits	708.191	196.260
- Euro denominated time deposits	135.132	99.568
- USD denominated time deposits	86.239	45.753
- TL denominated demand deposits	10.749	5.723
Cash in hand	153	123
	<b>940.464</b>	<b>347.427</b>

TL denominated time deposits of TL 708.191 (31 December 2019: TL 196.260) at 31 December 2019 has an interest rate of 8,37% p.a. (31 December 2019: 10,38% p.a.) and its weighted average maturity is on 2 July 2020 (31 December 2019: 3 January 2020) whereas USD denominated time deposits of USD 12.604 (31 December 2019: USD 7.702) at 30 June 2020 has an interest rate of 0,34% p.a. (31 December 2019: 2,06% p.a.) and its weighted average maturity is on 14 July 2020 (31 December 2019: 12 January 2020). Euro denominated time deposits of Euro 17.531 (31 December 2019: Euro 14.971) at 30 June 2020 has an interest rate of 0,25% p.a. (31 December 2019: 0,19%) and its weighed maturity is on 10 July 2020 (31 December 2019: 30 January 2020).