

**CONVENIENCE TRANSLATION OF  
CONSOLIDATED FINANCIAL STATEMENTS  
AND AUDIT REPORT ORIGINALLY  
ISSUED IN TURKISH**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND AUDIT REPORT FOR THE PERIOD  
1 JANUARY - 31 DECEMBER 2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(TURKISH TEXT IS AUTHORITATIVE)**

To the General Assembly of Türk Tuborg Bira ve Malt Sanayii A.Ş.

**A. Audit of the Consolidated Financial Statements**

**1. Opinion**

We have audited the accompanying consolidated financial statements of Türk Tuborg Bira ve Malt Sanayii A.Ş. (the “Company”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b><i>Recoverability of trade receivables</i></b></p> <p>Trade receivables from third parties amounting TL 710.015 thousand as of 31 December 2020, constitute a significant portion of the consolidated financial statements of the Group (Note 4).</p> <p>The assessment of the recoverability of these receivables includes considering the following - the amount of guarantees/collateral held, past collection performance, creditworthiness, aging of receivables and existence of disputes. As a result of all of these assessments, determination of doubtful receivables and allocation of impairment provision for these receivables include judgements applied and use of assumptions by management. On the other hand, the outcome of such estimates is very sensitive to changes in market conditions.</p> <p>Therefore, recoverability of trade receivables is a key matter for our audit.</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>• Understanding and assessment of the Group’s credit risk management policy including management of credit limits.</li> <li>• Testing receivables from third parties balances by obtaining confirmation letters from customers on a sample basis.</li> <li>• Analyzing the aging of receivables from third parties on a sample basis.</li> <li>• Testing, on a sample basis, collections in the subsequent period.</li> <li>• Testing, on a sample basis, guarantees/collaterals held from customers.</li> <li>• Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Group’s legal counsels on outstanding litigation and any disputes with customers in relation to trade receivables.</li> <li>• Based on the inquiries with the Group management, the basic assumption underlying the calculation of impairment and whether other judgments are reasonable have been assessed.</li> <li>• Assessing the adequacy and appropriateness of disclosures around recoverability of trade receivables in the consolidated financial statements regarding the sufficiency of this information in terms of TFRS.</li> </ul>



#### **4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.  
If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 11 March 2021.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Karakurt, SMMM  
Partner

İstanbul, 11 March 2021

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

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

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

		<i>Current Period Audited</i>	<i>Prior Period Audited</i>
	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2.268.659</b>	<b>1.541.329</b>
Cash and Cash Equivalents	28	1.032.516	347.427
Financial Investments		146.979	167
- Financial Assets at Fair Value Through Profit or Loss	25	146.812	-
- Financial Assets at Fair Value Through Other Comprehensive Income	25	167	167
Trade Receivables	4	712.022	849.027
- Due from Related Parties	3	2.007	326
- Due from Third Parties		710.015	848.701
Other Receivables	5	12.565	9.850
- Due from Third Parties		12.565	9.850
Inventories	7	328.301	297.407
Prepaid Expenses	16	36.276	37.183
- Prepaid Expenses from Third Parties		36.276	37.183
Other Current Assets		-	268
- Other Current Assets from Third Parties		-	268
<b>Non-Current Assets</b>		<b>1.191.272</b>	<b>993.885</b>
Other Receivables	5	1.431	227
- Due from Third Parties		1.431	227
Investment Properties	8	1.301	1.522
Property, Plant and Equipment	9	956.084	831.127
- Land		14.073	14.073
- Land Improvements		12.437	9.960
- Buildings		56.568	61.152
- Machinery and Equipment		364.833	376.174
- Motor Vehicles		10.290	7.836
- Furniture and Fixtures		461.720	352.040
- Construction in Progress		36.163	9.892
Right of Use Assets	10	49.395	28.925
Intangible Assets	11	12.652	9.932
- Rights		12.652	9.932
Deferred Tax Asset	23	37.875	27.390
Prepaid Expenses	16	132.534	94.762
- Prepaid Expenses from Third Parties		132.534	94.762
<b>TOTAL ASSETS</b>		<b>3.459.931</b>	<b>2.535.214</b>

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



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

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

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

	<i>Current Period Audited</i>	<i>Prior Period Audited</i>
Notes	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>1.536.137</b>	<b>1.120.893</b>
Current Borrowings	397.832	132.653
- Current Borrowings from Third Parties	397.832	132.653
- Bank Loans	6 376.082	115.321
- Lease Liabilities	6 21.750	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	6 -	24.297
Trade Payables	4 332.650	234.212
- Due to Related Parties	3 8.786	4.281
- Due to Third Parties	323.864	229.931
Other Payables	5 45.417	43.167
- Due to Third Parties	45.417	43.167
Deferred Income	16 6.492	912
- Deferred Income from Third Parties	6.492	912
Current Income Tax Liability	23 29.705	33.201
Short-term Provisions	182.817	112.930
- Provision for Employee Benefits	13 79.915	60.643
- Other Short-term Provisions	12 102.902	52.287
Other Current Liabilities	17 541.224	539.521
- Other Current Liabilities due to Third Parties	541.224	539.521
<b>Non-current liabilities</b>	<b>93.301</b>	<b>108.422</b>
Long-term Borrowings	33.152	58.341
- Long-term Borrowings from Third Parties	33.152	58.341
- Bank Loans	6 -	48.593
- Lease Liabilities	6 33.152	9.748
Long-term Provisions	31.627	24.223
- Provision for Employee Benefits	13 31.627	24.223
Deferred Tax Liability	23 28.522	25.858
<b>TOTAL LIABILITIES</b>	<b>1.629.438</b>	<b>1.229.315</b>
<b>EQUITY</b>	<b>1.830.493</b>	<b>1.305.899</b>
<b>Equity Attributable to Equity Holders of the Group</b>	<b>1.830.493</b>	<b>1.305.899</b>
Share Capital	15 322.508	322.508
Adjustment to Share Capital	15 277.613	277.613
Share Premium (Discounts)	15 154	154
Items that will not be Reclassified to Profits (Losses)	(4.632)	(3.902)
- Revaluation of Defined Employee Benefits (Losses) Plans	(4.632)	(3.902)
Restricted Reserves Appropriated from Profits	105.057	91.512
- Legal Reserves	15 105.057	91.512
Accumulated Profits or Losses	15 604.469	180.555
Net Profit or Loss for the Period	525.324	437.459
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3.459.931</b>	<b>2.535.214</b>

The accompanying notes are integral part of these 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 DECEMBER 2020

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

		<i>Current Period Audited 1 January - 31 December 2020</i>	<i>Prior Period Audited 1 January - 31 December 2019</i>
	Notes		
<b>Profit or Loss</b>			
Revenue	18	2.589.150	2.171.024
Cost of sales	18	(1.244.426)	(985.600)
<b>GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS</b>		<b>1.344.724</b>	<b>1.185.424</b>
<b>GROSS PROFIT (LOSS)</b>		<b>1.344.724</b>	<b>1.185.424</b>
General administrative expenses	19	(107.028)	(88.038)
Marketing, selling and distribution expenses	19	(608.030)	(530.890)
Other income from operating activities	20	58.201	54.689
Other expense from operating activities	20	(50.329)	(29.352)
<b>PROFIT (LOSS) FROM OPERATING ACTIVITIES</b>		<b>637.538</b>	<b>591.833</b>
Income from investment activities	21	195.797	92.806
Expenses from investment activities	21	(75.248)	(29.959)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>758.087</b>	<b>654.680</b>
Financial expenses	22	(81.599)	(102.689)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX</b>		<b>676.488</b>	<b>551.991</b>
<b>Tax (expense) income from continuing operations</b>		<b>(151.164)</b>	<b>(114.532)</b>
- Current period tax (expense) income	23	(158.802)	(115.648)
- Deferred tax (expense) income	23	7.638	1.116
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>525.324</b>	<b>437.459</b>
<b>PROFIT (LOSS)</b>		<b>525.324</b>	<b>437.459</b>
<b>Profit (loss), attributable to</b>			
Non-controlling interests		-	-
Equity holders of the Group		525.324	437.459
		<b>525.324</b>	<b>437.459</b>
<b>Earnings per share for net profit attributable to the equity holders of the parent company (full TL)</b>		<b>24</b>	<b>1,36</b>
<b>Other comprehensive income (expense)</b>			
Items that will not be reclassified to profit or loss		<b>(730)</b>	<b>(314)</b>
- Gains (losses) on remeasurements of defined benefit plans	13	(913)	(393)
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		183	79
- Taxes relating to gains (losses) on remeasurements of defined benefit plans	23	183	79
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>(730)</b>	<b>(314)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>524.594</b>	<b>437.145</b>
<b>Allocation of comprehensive income:</b>			
Non-controlling interests		-	-
Equity holders of the Group		524.594	437.145
		<b>524.594</b>	<b>437.145</b>

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

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

<i>Audited</i>	Share Capital	Adjustment to Share Capital	Share Premium/ (Discounts)	<i>Items that will not be Reclassified to Profit or Loss</i>	<i>Accumulated Profits Losses</i>			Equity Holders of the Group	Total Equity
				Revaluation of Defined Employee Benefits/(Losses)	Restricted Reserves	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)	-	-	-	(314)	-	-	437.459	437.145	437.145
- Profit (loss) for the period	-	-	-	-	-	-	437.459	437.459	437.459
- Other comprehensive income (loss)	-	-	-	(314)	-	-	-	(314)	(314)
<b>Balances at 31 December 2019</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>
<i>Audited</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)	-	-	-	(730)	-	-	525.324	524.594	524.594
- Profit (loss) for the period	-	-	-	-	-	-	525.324	525.324	525.324
- Other comprehensive income (loss)	-	-	-	(730)	-	-	-	(730)	(730)
<b>Balances at 31 December 2020</b>	<b>322.508</b>	<b>277.613</b>	<b>154</b>	<b>(4.632)</b>	<b>105.057</b>	<b>604.469</b>	<b>525.324</b>	<b>1.830.493</b>	<b>1.830.493</b>

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

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

**CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

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

		<i>Current Period Audited 1 January - 31 December 2020</i>	<i>Prior Period Audited 1 January - 31 December 2019</i>
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss)		<b>525.324</b>	<b>437.459</b>
-Profit (loss) for the period from continuing operations		525.324	437.459
<b>Adjustments to reconcile net profit (loss) for the period</b>			
Adjustments for depreciation and amortisation expense	8-9-10-11	271.627	210.628
Adjustments for (reversal of) impairment loss		2.634	12.370
Adjustments for (reversal of) impairment loss receivables	4	2.538	12.609
Adjustments for (reversal of) impairment loss inventory	7	96	(239)
Adjustments for provisions		112.185	32.238
Adjustments for (reversal of) provision related to employee benefits	13	61.531	47.209
Adjustments for (reversal of) provision related with legal case		-	(34.062)
Adjustments for (reversal of) other provisions		50.654	19.091
Adjustments for interest (income) expenses		(9.835)	41.549
Adjustments for interest income		(77.180)	(21.477)
Adjustment for interest expenses		67.682	68.421
Unearned finance income due to sales	4	(2.818)	(6.294)
Incurred finance expense due to purchases	4	2.481	899
Adjustments for fair value losses (gains)		-	552
Adjustments for fair value losses (gains) of financial assets		-	552
Adjustments for taxation (income) expense	23	151.164	114.532
Adjustments for losses (gains) on sale of fixed assets		(5.131)	(1.666)
Adjustments for losses (gains) on sale of tangible assets	21	(5.131)	(1.666)
Adjustments for unrealized foreign exchange losses		(105.277)	(5.657)
<b>Changes in working capital</b>			
Adjustments for decrease (increase) in trade receivables		131.986	(115.999)
(Increase) decrease in trade receivables from related party	3	(1.681)	(326)
Decrease (increase) in trade receivables from third party	4	133.667	(115.673)
Adjustments for (increase) decrease in other receivables		(3.919)	(10.633)
(Increase) decrease in other receivables from third party		(3.919)	(10.633)
Adjustments for (increase) decrease in inventories	7	(30.990)	(40.220)
(Increase) decrease in prepaid expenses	16	(36.865)	(33.915)
Adjustments for increase (decrease) in trade payables		101.256	19.986
Increase (decrease) in trade payables to related parties	3	4.505	(465)
Increase (decrease) in trade payables to third parties	4	96.751	20.451
Adjustments for increase (decrease) in other payables		2.250	4.611
Increase (decrease) in other payables from third parties	5	2.250	4.611
Increase (decrease) in deferred income	16	5.580	(2.288)
Adjustments for increase (decrease) in working capital		1.703	112.760
Increase (decrease) in other liabilities	17	1.703	112.760
		<b>1.113.692</b>	<b>776.307</b>

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

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

**CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

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

		<i>Current Period Audited</i>	<i>Prior Period Audited</i>
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
Provisions paid related to employee benefits	13	(35.768)	(32.703)
Payments for other provisions		(39)	-
Income taxes returns (payments)	23	(162.298)	(95.203)
<b>Net Cash Generated From Operating Activities</b>		<b>915.587</b>	<b>648.401</b>
<b>Cash Flow From Investing Activities:</b>			
Cash inflow from sale of tangible and intangible assets	9-21	6.668	4.524
Cash inflow from sale of tangible assets		6.668	4.524
Cash outflow from purchase of tangible and intangible assets		(375.239)	(348.409)
Cash outflow from purchase of tangible assets	9	(372.386)	(347.542)
Cash outflow from purchase of intangible assets	11	(2.853)	(867)
Interest received	21	80.666	21.477
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		(146.812)	(204.344)
<b>Net Cash (Used in)/Generated From Investing Activities</b>		<b>(434.717)</b>	<b>53.822</b>
<b>Cash Flow From Financing Activities</b>			
Proceeds from borrowings		2.926.241	4.052.915
Proceeds from bank loans	6	2.926.241	4.052.915
Repayments of borrowings		(2.731.306)	(3.947.443)
Bank loan repayments	6	(2.731.306)	(3.947.443)
Payments of lease liabilities		(31.696)	(23.122)
Dividends paid		-	(536.666)
Interest paid		(50.082)	(61.203)
<b>Net Cash Generated from/(Used in) Financing Activities</b>		<b>113.157</b>	<b>(515.519)</b>
<b>Net Increase in Cash and Cash Equivalents Before Currency Translation Differences</b>		<b>594.027</b>	<b>186.704</b>
Effect of currency translation differences on cash and cash equivalents		91.062	14.186
<b>Net Increase in Cash and Cash Equivalents</b>		<b>685.089</b>	<b>200.890</b>
Cash and cash equivalents at the beginning of the period		347.427	146.537
<b>Cash and Cash Equivalents at the end of the Period</b>	28	<b>1.032.516</b>	<b>347.427</b>

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

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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 31 December 2020, the ratio of free floating shares on BIST is 4,31% (31 December 2019: 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 15).

The average number of employees in the Company and Tuborg Pazarlama A.Ş., its subsidiary, (“Group”) as at 31 December 2020 is 1.474 (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 consolidated financial statements for issue:

The 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 11 March 2021. 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

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

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.

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 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 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 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.

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.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

The details of the Company's subsidiary as at 31 December 2020 and 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 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 consolidated using the full consolidation method.

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.

#### 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 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 consolidated financial statements for the period and significant differences are disclosed.

#### **2.2 Changes in accounting policies**

Any significant changes in the accounting policies are retrospectively applied and the consolidated financial statements of the preceding terms are restated. There has been no change in the accounting policies of the Group in the current year.

#### **2.3 Changes in accounting estimates and errors**

Any significant changes in accounting estimates are prospectively applied in consolidated financial statements and accounted for in the current and preceding periods. There has been no significant change in the accounting estimates of the Group in the current year.

In relation to errors identified in financial reporting, they are accounted for retrospectively and prior year financial statements are restated.

#### **2.4 Important Developments Regarding the Current Period**

Necessary actions have been taken by the Group management to minimize the possible effects of COVID-19 on the Group's operations and financial position.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

Due to the epidemic of COVID-19, which affected the whole world, the slowdown in economic activities, supply, production and sales has occurred in the country and sector where the Company operates and, in the countries, where the sales are made in parallel with the developments in general economic activities.

In this process, the necessary actions were taken by the Group to minimize investment expenditures, operational expenses and inventory, also cash management strategy was reconsidered in order to strengthen the Group's liquidity position. With the reduction of restrictions to prevent the spread of the epidemic, production and sales activities continue uninterrupted as of the date of the balance sheet.

For now, it is not possible to estimate for how long the effect of COVID-19 will carry on in Turkey and also in the world, or how much it may spread. As the severity and duration of the effects become clearer, it will be possible to make a more specific and healthy evaluation for the medium and long term. However, while preparing the consolidated financial statements dated 31 December 2020, the possible effects of the COVID-19 outbreak were evaluated, and the estimates and assumptions used in the preparation of the consolidated financial statements were reviewed. In this context, the Group evaluated the possible impairment in the values of financial assets, stocks, property, plant and equipment included in the consolidated financial statements dated 31 December 2020, and no impairment has been identified.

#### **2.5 New and Revised Turkish Accounting Standards**

##### **2.5.1 Amendments to IFRSs that are mandatorily effective for the current year**

TFRS 9, TAS 39 and TFRS 7	<i>Amendments to Interest Rate Benchmark Reform<sup>1</sup></i>
TAS 1, TAS 8	<i>Amendment to Definition of Material<sup>1</sup></i>
TFRS 3	<i>Amendment to Definition of a Business<sup>1</sup></i>
TFRS 16	<i>COVID-19 Related Rent Concessions<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.

##### **2.5.2 Standarts, amendments and interpretations that are issued but not effective as at 31 December 2020:**

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

TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16	<i>Amendments to Interest Rate Benchmark Reform<sup>1</sup></i>
TAS 1 and TAS 8	<i>Amendments to Definition of Material<sup>2</sup></i>
TFRS 3, TAS 16, TAS 37	<i>Amendments to Definition of a Business<sup>2</sup></i>
TFRS 17, TFRS 4	<i>Insurance Contracts<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> 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.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

##### 2.6 Summary of significant accounting policies

###### 2.6.1 Revenue

Revenue is generated from beer sales to domestic and foreign dealers and customers and by-product sales. Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it's probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped or services given without value added tax less sales returns and sales discounts.

###### *Revenue recognition:*

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Prepaid and non-accrued discount amounts are stated as prepaid expenses and are accounted as sales discounts in accordance with the terms or the performance of the related sales contracts on an accrual basis.

###### *Sale of goods:*

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### *Interest income:*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

##### *Rental income:*

Rental income from investment properties is accounted for during the duration of rent agreement based on straight-line met.

#### **2.6.2 Trade Receivables**

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 4).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Also Group, has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the collection amount is decreased from the doubtful receivable provisions and recorded as other income from operating activities (Note 20).

#### **2.6.3 Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss and other comprehensive income in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

#### **2.6.4 Property, plant and equipment**

All other items of property, plant and equipment acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss. Borrowing costs directly attributable to the qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets in accordance with the Group's accounting policy.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

Property, plant and equipment are capitalised and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. Residual values of property, plant and equipment are deemed as negligible.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Land is not depreciated and carried at cost less accumulated impairment. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets using the straight-line method.

The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows:

	Rate (%)
Buildings and land improvements	2,5 - 4
Machinery and equipment	6,7 - 20
Furniture and fixtures	6,7 - 50
Motor vehicles	12,5 - 20

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss and other comprehensive income.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Repairs and maintenances are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Expenses after capitalization are added at cost in cases when the prospective economic interest related to the said asset has high possibility of being transferred to the Group and this cost can be measured soundly; or it is recorded in the consolidated financial statements as a separate asset. The Group excludes the transferred value from the financial standing statement regardless of whether the parts replaced in scope of expenses after capitalization are subject to amortization independent from other items. Expenses after capitalization that are added to cost of asset are subjected to amortization in accordance with their economic life cycle.

#### **2.6.5 Investment Property**

Investment property, which are properties held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis over 20-40 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in consolidated comprehensive profit or loss in the year of retirement or disposal.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

##### **2.6.6 Intangible Assets**

Intangible assets are mainly composed of computer software and other related intangible assets none of which were internally generated. All other items of intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, at the consolidated financial statements. Amortization is charged on a straight-line basis over their estimated useful lives of three years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Residual values of intangible assets are deemed as negligible. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

##### **2.6.7 Leases**

###### **The Group - as a lessee**

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assess whether:

- a) The contract involved the use of an identified asset; this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, if the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use,
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At the commencement date, the Group recognizes a right-of-use asset and a lease liability in financial statements.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

##### *Right of use asset*

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

- a) Amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group and
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group remeasure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset and
- b) Adjusted for certain remeasurements of the lease liability recognized at the present value.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

The Group apply TAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

##### **Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

After the commencement date, the Company measure the lease liability by:

- a) Fixed payments, including in substance fixed payments,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring of the lease liability the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

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

Extension options are included in the lease term if the lease is reasonably certain to be extended. The Group does not have a significant level of lease contract with an extension and early termination option, which is not included in the lease obligation.

If there is a significant change in the conditions, the evaluation is reviewed by the Group. As a result of the evaluations made in the current period, there is no lease liability or right of use asset arising from the inclusion of extension and termination options in the lease term.

##### *Variable lease payments*

Group's lease contracts do not include variable lease payments.

##### *Exemptions and simplifications*

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

#### **The Group - as a lessor**

The Group's activities as a lessor are not material.

#### **2.6.8 Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is an impairment indication for the assets, stated at revalued amounts. When an indication of impairment exists, the Group estimates the recoverable amounts of such assets. Recoverable amounts of intangible assets that are not available for use, are estimated at each reporting date. An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the consolidated statement of profit or loss and other comprehensive income.

Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognised.

#### **2.6.9 Trade Payables**

Trade payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The carried trade payables are the fair value of consideration to be paid in the future for goods and services received, whether billed or not billed.

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

##### 2.6.10 Financial Instruments

###### a. Financial assets

###### *Classification and measurement*

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

###### i. Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

###### *Impairment*

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

###### ii. Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

###### Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "private sector bonds and bills, certificates of deposits" in the statement of financial position. These financial assets are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative.

###### Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Group carried these assets at their fair values. The fair value gains and losses are recognized in other comprehensive income after the deduction of impairment losses and foreign exchange income and expenses.



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

When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

##### **b. Financial liabilities**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### **i. Financial payables**

Bank borrowings are recognized initially at the process received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

If the maturity of the bank borrowings is less than 12 months at the balance sheet date, these are classified in current liabilities; and if more 12 months, they are classified under non-current liabilities (Note 6).

##### **ii. Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### **2.6.11 Foreign Currency Transactions**

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL. In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

#### **2.6.12 Earnings per Share**

Earnings per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net profit for the year by the weighted average number of shares that have been outstanding during the year.

Companies can increase their share capital by making a pro rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues and other similar movements without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

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

##### **2.6.13 Subsequent Events**

Subsequent events; announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the statement of financial position date and the date when statement of financial position was authorised for issue.

In the case that events require a correction to be made occur subsequent to the reporting period, the Group makes the necessary corrections to the consolidated financial statements. Moreover, the events that occur subsequent to the statement of financial position date and not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of consolidated financial statements are affected.

##### **2.6.14 Provisions, Contingent Assets and Contingent Liabilities**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company are not included in consolidated financial statements and treated as contingent assets or liabilities.

##### **2.6.15 Related Parties**

For the purpose of the consolidated financial statements, shareholders, financial investments, International Beer Breweries Ltd Group companies, key management personnel, members of board of directors, close family members together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties.

##### **2.6.16 Operating Segments**

Due to the fact that the Group only operates in one single industrial segment, that a substantial part of its operations occur in Turkey and that all of its assets are located in Turkey, the financial information are not required to be reported by segments.

##### **2.6.17 Taxation and Deferred Income Taxes**

Tax legislation which is effective in Turkey does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### i. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

##### ii. Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### iii. Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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

##### **2.6.18 Benefits Provided to Employees**

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. All actuarial gains and losses are charged to consolidated statement of profit or loss and other comprehensive income.

##### **2.6.19 Statement of Cash Flows**

In the consolidated statement of cash flows, the consolidated cash flows for the term are classified and reported basing upon the operations, investment and financing activities. Consolidated cash flows from operating activities indicate the consolidated cash flows from the Group's activities. Consolidated cash flows related with the investment activities indicate the consolidated cash flows which the Group uses and acquires in its investment activities. Cash flows related with the financing activities indicate the consolidated resources which the Group uses in its financing activities and the repayments of such resources.

Cash and cash equivalents include the cash and bank deposits as well as short-term high-liquidity investments with certain amounts and with maturities equal to or less than 3 months, which may be easily liquidated.

##### **2.6.20 Other Payables**

The Group's returnable bottles and crates are classified as property, plant and equipment and the liabilities related their deposits are classified as other payables in the consolidated financial position (Note 5). The Group use the best estimates of past experience based on the movements of the items within the related accounting period and the customer's returns in the calculation of the deposits liabilities related to the returnable bottles and the crates.

#### **2.7 Critical Accounting Estimates and Judgments**

Preparation of consolidated financial statements requires disclosure of assets and liabilities, contingent assets and liabilities as at statement of financial position date and utilization of estimates and assumptions that can affect income and expense amounts. The results of these estimations and assumptions can differ from the actual results even these estimations and assumptions are based on the management's best estimate.

Significant estimate of the Group management is as follows:

##### *Provision for doubtful receivables*

The assessment of the recoverability of receivables performed by Management, includes considering the following for each customer - the amount of guarantees/collateral held, past collection performance, creditworthiness, aging of receivables and existence of disputes.

Where the final results of these estimates differ from those initially recorded, these differences could affect the provision for impairment of trade receivables and the income statement in the period in which they are determined. If there is a change in estimations, effect of these changings will be recognised prospectively.

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#### NOTE 3 - RELATED PARTY DISCLOSURES

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

TL 2.007 (31 December 2019: TL 326).

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

	31 December 2020	31 December 2019
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	3.883	4.163
United Romanian Breweries Bereprod S.R.L ("URBB")	4.289	-
Diğer	614	118
	<b>8.786</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 7.629 (31 December 2019: None).

##### d) Product and service purchases:

	1 January - 31 December 2020	1 January - 31 December 2019
Desa Enerji	41.136	36.926
Other	5.809	1.539
	<b>46.945</b>	<b>38.465</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 - 31 December 2020	1 January - 31 December 2019
Short-term employee benefits	29.479	21.276
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Other	519	753
	<b>29.998</b>	<b>22.029</b>

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**NOTE 4 - TRADE RECEIVABLE AND PAYABLES**

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

	<b>31 December 2020</b>	<b>31 December 2019</b>
Customer current accounts	560.289	671.545
Credit card receivables	175.609	162.561
Notes receivables and customer cheques	41.409	76.868
Due from related parties (Note 3)	2.007	326
	<b>779.314</b>	<b>911.300</b>
Less: Provision for doubtful receivables	(59.488)	(56.950)
Incurred finance expense	(7.804)	(5.323)
	<b>712.022</b>	<b>849.027</b>

The effective weighted average interest rate applied to TL denominated receivables is 17,92% p.a. (31 December 2019: 11,14% p.a.) as of 31 December 2020. Trade receivables are all short term with a weighted average maturity of one month (31 December 2019: one month).

The amount of overdue trade receivables as of 31 December 2020 is TL 24.642 (31 December 2019: TL 68.355) and the aging of such receivables and credit risk analysis are disclosed in Note 26 in detail.

Movements in the provision for doubtful receivables are as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>(56.950)</b>	<b>(44.341)</b>
Collections in the current year (Note 20)	550	928
Reversal of provision	16.140	10.898
Charged to the consolidated statement of profit or loss and other comprehensive income	(19.228)	(24.435)
<b>31 December</b>	<b>(59.488)</b>	<b>(56.950)</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:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Supplier current accounts	292.883	208.704
Due to related parties (Note 3)	8.786	4.281
Accrued expenses	35.100	22.528
Less: Unearned finance income	(4.119)	(1.301)
	<b>332.650</b>	<b>234.212</b>

The effective weighted average interest rate on TL denominated payables is 17,89% p.a. as of 31 December 2020 (31 December 2019: 11,16% p.a.). Short-term payables have a weighted average maturity of one month (31 December 2019: one month).

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**NOTE 5 - OTHER RECEIVABLE AND PAYABLES**

**a) Short-term other receivables:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Value added tax receivable	8.799	9.052
Other	3.766	798
	<b>12.565</b>	<b>9.850</b>

**b) Long-term other receivables:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Deposit and guarantees given	1.431	227
	<b>1.431</b>	<b>227</b>

**c) Other payables:**

Deposits received	45.417	43.167
	<b>45.417</b>	<b>43.167</b>

**NOTE 6 - BORROWINGS AND BORROWING COSTS**

	<b>31 December 2020</b>			<b>31 December 2019</b>		
	Effective Interest Rate(%)	Original Currency	TL Equivalent	Effective Interest Rate(%)	Original Currency	TL Equivalent
<b>Current bank loans</b>						
Fixed Interest Rate - TL (*)	8,02	376.082	376.082	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>376.082</b>	<b>376.082</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>48.593</b>	<b>48.593</b>
<b>Total</b>		<b>376.082</b>	<b>376.082</b>		<b>188.211</b>	<b>188.211</b>

(\*) As of 31 December 2020, all bank loans consist of short-term loans, and the weighted average payment term is 17 March 2021 (31 December 2019: 20 August 2020 for short-term bank loans and 18 November 2021 for long-term bank loans).

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#### NOTE 6 - BORROWINGS AND BORROWING COSTS (Continued)

Net financial debt reconciliation for the periods between 1 January - 31 December 2020 and 2019 is as follows:

	2020	2019
<b>1 January</b>	<b>(132.136)</b>	<b>(65.692)</b>
TFRS 16 transition effect	-	26.870
Proceeds from borrowings	2.926.241	4.052.915
Change in lease liabilities and Interest accrual	20.758	2.104
Repayments of borrowings and interest and	(2.731.306)	(3.947.443)
Less: Change in cash and cash equivalents	(685.089)	(200.890)
<b>31 December</b>	<b>(601.532)</b>	<b>(132.136)</b>

As of 31 December 2020, debts from short-term lease transactions are TL 21.750 (31 December 2019: TL 17.332), debts from long-term leasing transactions are TL 33.152 (31 December 2019: TL 9.748). The duration of the contract that make up Group's lease liabilities varies between 1 and 5 years.

#### NOTE 7 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	136.918	77.984
Finished and trade goods	120.892	171.300
Work in progress	41.902	16.754
Other	28.589	31.369
	<b>328.301</b>	<b>297.407</b>

At 31 December 2020, other inventories are mainly composed of spare parts amounting to TL 21.637 (31 December 2019: TL 19.786).

At 31 December 2020, finished goods amounting to TL 121.000 (31 December 2019: TL 171.312) are stated at their net realizable values by recording an obsolescence provision amounting to TL 108 (31 December 2019: TL 12) while the other inventory items are valued at their costs.

Cost of materials recognized as expense and included in cost of sales amounts to TL 786.132 (31 December 2019: TL 593.013) (Note 18).

#### NOTE 8 - INVESTMENT PROPERTIES

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
<u>Buildings and land improvements:</u>					
Cost	3.868	-	-	-	3.868
Accumulated depreciation	(2.346)	(221)	-	-	(2.567)
<b>Net book value</b>	<b>1.522</b>				<b>1.301</b>
	1 January 2019	Additions	Disposals	Transfers	31 December 2019
<u>Buildings and land improvements:</u>					
Cost	3.815	53	-	-	3.868
Accumulated depreciation	(2.127)	(219)	-	-	(2.346)
<b>Net book value</b>	<b>1.688</b>				<b>1.522</b>



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**NOTE 8 - INVESTMENT PROPERTIES (Continued)**

Total rental income from the investment properties in 1 January - 31 December 2020 amounts to TL 305 (31 December 2019: TL 299). There are no operating expenses arising from the investment property.

As of 31 December 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 31 December 2020 are as follows:

	<u>Fair values as at 31 December 2020</u>			
	31 December 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 9 - PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment between 1 January and 31 December 2020 were as follows:

	<b>1 January 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (*)</b>	<b>31 December 2020</b>
<b>Cost:</b>					
Land	14.073	-	-	-	14.073
Land improvements	20.536	914	-	2.007	23.457
Buildings	128.793	421	-	1.216	130.430
Machinery and equipment	712.387	3.200	(575)	17.124	732.136
Furniture and fixtures	809.296	298.162	(7.181)	14.759	1.115.036
Motor vehicles	14.961	2.444	(264)	2.071	19.212
Construction in progress	9.892	67.245	-	(40.974)	36.163
	<b>1.709.938</b>	<b>372.386</b>	<b>(8.020)</b>	<b>(3.797)</b>	<b>2.070.507</b>
<b>Accumulated depreciation:</b>					
Land improvements	(10.576)	(444)	-	-	(11.020)
Buildings	(67.641)	(6.221)	-	-	(73.862)
Machinery and equipment	(336.213)	(31.649)	559	-	(367.303)
Furniture and fixtures	(457.256)	(201.724)	5.664	-	(653.316)
Motor vehicles	(7.125)	(2.057)	260	-	(8.922)
	<b>(878.811)</b>	<b>(242.095)</b>	<b>6.483</b>	<b>-</b>	<b>(1.114.423)</b>
<b>Net book value</b>	<b>831.127</b>			<b>-</b>	<b>956.084</b>

(\*) Note 11.

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**NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

Movements of property, plant and equipment between 1 January and 31 December 2019 were as follows:

	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (*)</b>	<b>31 December 2019</b>
<b>Cost:</b>					
Land	13.831	242	-	-	14.073
Land improvements	19.657	75	-	804	20.536
Buildings	113.938	3.068	(165)	11.952	128.793
Machinery and equipment	630.560	1.828	(894)	80.893	712.387
Furniture and fixtures	575.612	228.381	(7.976)	13.279	809.296
Motor vehicles	13.678	1.518	(235)	-	14.961
Construction in progress	9.172	112.377	-	(111.657)	9.892
	<b>1.376.448</b>	<b>347.489</b>	<b>(9.270)</b>	<b>(4.729)</b>	<b>1.709.938</b>
<b>Accumulated depreciation:</b>					
Land improvements	(10.209)	(367)	-	-	(10.576)
Buildings	(62.168)	(5.495)	22	-	(67.641)
Machinery and equipment	(309.035)	(27.641)	463	-	(336.213)
Furniture and fixtures	(307.174)	(155.802)	5.720	-	(457.256)
Motor vehicles	(5.393)	(1.939)	207	-	(7.125)
	<b>(693.979)</b>	<b>(191.244)</b>	<b>6.412</b>	<b>-</b>	<b>(878.811)</b>
<b>Net book value</b>	<b>682.469</b>			<b>-</b>	<b>831.127</b>

(\*) Note 11.

Current year depreciation and amortisation expenses of TL 168.290 (31 December 2019: TL 132.795) have been charged to cost of production (Note 18), TL 93.979 (31 December 2019: TL 70.081) to marketing, selling and distribution costs (Note 19) and TL 9.358 (31 December 2019: TL 7.752) to general administrative expenses (Note 19).

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

**NOTE 10 - RIGHT OF USE ASSETS**

The details of the right-of-use assets recognized in the consolidated financial statements as of 31 December 2020 and 2019 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Motor vehicles	42.681	24.050
Buildings	6.714	4.875
	<b>49.395</b>	<b>28.925</b>

Changes in net rights-of-use assets for the period ended 31 December 2020 amount to TL 45.851 and mainly include vehicle rents. Depreciation expenses amount to TL 25.381 (31 December 2019: TL 15.952).

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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#### NOTE 11 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2020 and 2019 were as follows:

	1 January 2020	Additions	Disposals	Transfers (*)	31 December 2020
Rights	32.425	2.853	-	3.797	39.075
Accumulated amortisation	(22.493)	(3.930)	-	-	(26.423)
<b>Net book value</b>	<b>9.932</b>				<b>12.652</b>

  

	1 January 2019	Additions	Disposals	Transfers (*)	31 December 2019
Rights	27.732	867	(903)	4.729	32.425
Accumulated amortisation	(20.183)	(3.213)	903	-	(22.493)
<b>Net book value</b>	<b>7.549</b>				<b>9.932</b>

(\*) Note 9.

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

#### NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

	31 December 2020	31 December 2019
Provision for sales discounts	87.551	40.046
Other	15.351	12.241
	<b>102.902</b>	<b>52.287</b>

##### b) Contingent assets and liabilities:

As at 31 December 2020, the Group has letters of guarantee given amounting to TL 6.530 (31 December 2019: TL 9.753). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

	31 December 2020	31 December 2019
A. Total value of GPM provided in favour of the Company itself	6.530	9.753
i. TL	6.530	9.753
B. Total value of GPM provided in favour of the subsidiary	527.016	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>533.546</b>	<b>480.665</b>

The ratio of total value of other GPM to equity is 0% at 31 December 2020 (31 December 2019: 0%).

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#### NOTE 13 - EMPLOYEE BENEFITS

##### a) Short term provision for employee benefits:

	31 December 2020	31 December 2019
Vacation pay obligation and other provisions	79.915	60.643
	<b>79.915</b>	<b>60.643</b>

Movements of vacation pay obligation and other provisions in the current year are as follows:

	2020	2019
<b>1 January</b>	<b>60.643</b>	<b>49.758</b>
Payment in the current year	(33.141)	(29.480)
Charge for the period	52.413	40.365
<b>31 December</b>	<b>79.915</b>	<b>60.643</b>

##### b) Long term provision for employee benefits:

	31 December 2020	31 December 2019
Provision for employment termination benefit	31.627	24.223
	<b>31.627</b>	<b>24.223</b>

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 7.117,17 for each period of service at 31 December 2020 (31 December 2019: TL 6.379,86).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4,95% real discount rate (31 December 2019: %4,95) calculated by using 11% annual inflation rate and 16,50% discount rate.

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 3,82% for employees with 0-15 years of service (31 December 2019: 4,00 %), and 0% for those with 16 or more years of service (31 December 2019: 0%). As the maximum liability is revised semiannually, the maximum amount of TL 7.638,96 effective from 1 January 2021 has been taken into consideration in calculation of provision from employment termination benefits (1 January 2020: TL 6.730,15).

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**NOTE 13 - EMPLOYEE BENEFITS (Continued)**

Movements of the provision for employment benefits were as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>24.223</b>	<b>20.209</b>
Service cost	3.879	2.827
Interest cost	5.239	4.017
Actuarial loss	913	393
Paid during the year	(2.627)	(3.223)
<b>31 December</b>	<b>31.627</b>	<b>24.223</b>

The total of service cost and interest cost for the year is amounted to TL 9.118 (31 December 2019: TL 6.844). TL 5.634 (31 December 2019: TL 3.900) has been charged to marketing, selling and distribution expenses, TL 2.993 (31 December 2019: TL 2.281) has been charged to cost of production and TL 491 (31 December 2019: TL 663) has been charged to general administrative expenses, respectively.

**NOTE 14 - EXPENSES BY NATURE**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Revenue	2.589.150	2.171.024
Other income from operating activities	58.201	54.689
Income from investing activities	195.797	92.806
<b>Total revenue</b>	<b>2.843.148</b>	<b>2.318.519</b>
Cost of direct materials	(786.132)	(593.013)
Personnel expenses	(275.157)	(222.529)
Depreciation and amortization	(271.627)	(210.628)
Other production cost and change in stocks	(232.726)	(215.251)
Marketing expenses	(137.662)	(133.833)
Finance expense	(81.599)	(102.689)
Other expense	(381.757)	(288.585)
<b>Total expense</b>	<b>(2.166.660)</b>	<b>(1.766.528)</b>
<b>Profit before taxes</b>	<b>676.488</b>	<b>551.991</b>
Tax expense	(151.164)	(114.532)
<b>Net profit for the year</b>	<b>525.324</b>	<b>437.459</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 15 - 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 December 2020 and 2019 are as follows:

	31 December 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 at 31 December 2020 and 2019 were as follows:

	31 December 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 each at 31 December 2019. There are no preferred shares.

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

##### b) Other equity items:

	31 December 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 Financial Reporting Standards.

##### c) Accumulated profits:

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

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#### NOTE 15 - CAPITAL RESERVES AND OTHER SHARE CAPITAL RESERVES (Continued)

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 16 - PREPAID EXPENSES AND DEFERRED INCOME

##### a) Short-term prepaid expenses:

	31 December 2020	31 December 2019
Prepaid expenses	36.276	37.183
	<b>36.276</b>	<b>37.183</b>

##### b) Long-term prepaid expenses:

Prepaid expenses	129.213	88.878
Order advances for property, plant and equipment	3.321	5.884
	<b>132.534</b>	<b>94.762</b>

##### c) Deferred income:

Order advances received from customers	6.492	912
	<b>6.492</b>	<b>912</b>

#### NOTE 17 - OTHER CURRENT LIABILITIES

	31 December 2020	31 December 2019
Taxes and funds payable	536.306	532.071
Other	4.918	7.450
	<b>541.224</b>	<b>539.521</b>

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**NOTE 18 - REVENUE AND COST OF SALES**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
<b>Revenue</b>		
Domestic sales - net	2.454.269	2.057.537
Export sales - net	134.881	113.487
<b>Total revenue - net</b>	<b>2.589.150</b>	<b>2.171.024</b>
<b>Cost of sales</b>		
Cost of direct materials	(786.132)	(593.013)
Depreciation and amortisation	(168.290)	(132.795)
Labour expense	(57.278)	(44.541)
Other production cost and change in stocks	(232.726)	(215.251)
<b>Total cost of sales</b>	<b>(1.244.426)</b>	<b>(985.600)</b>
<b>Gross Profit</b>	<b>1.344.724</b>	<b>1.185.424</b>

**NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES**

**a) General administrative expenses:**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Personnel expenses	56.568	44.860
Outsourced services	19.186	15.971
Depreciation and amortisation	9.358	7.752
Other	21.916	19.455
	<b>107.028</b>	<b>88.038</b>

**b) Marketing, selling and distribution expenses:**

Personnel expenses	161.311	133.128
Marketing expenses	137.662	133.833
Transportation and distribution costs	110.123	100.658
Depreciation and amortisation	93.979	70.081
Outsourced services	33.500	44.287
Other	71.455	48.903
	<b>608.030</b>	<b>530.890</b>

**NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

**a) Other income from operating activities:**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign exchange gain	43.070	3.707
Indemnity income	3.860	2.330
Collection of doubtful receivables	550	928
Canceled lawsuit provision	-	34.062
Other	10.721	13.662
	<b>58.201</b>	<b>54.689</b>



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**NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)**

**b) Other expense from operating activities:**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign exchange loss	(41.506)	(9.417)
Provision for doubtful receivables - net	(3.088)	(13.537)
Other	(5.735)	(6.398)
	<b>(50.329)</b>	<b>(29.352)</b>

**NOTE 21 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

**a) Income from investing activities:**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign exchange gain	109.330	67.788
Interest income	80.666	21.477
Gain on sales of property, plant and equipment	5.192	1.797
Fair value gain on financial investments	-	1.182
Other	609	562
	<b>195.797</b>	<b>92.806</b>

**b) Expense from investing activities:**

Foreign exchange loss	(75.187)	(28.094)
Fair value loss on financial investments	-	(1.734)
Loss on sales of property, plant and equipment	(61)	(131)
	<b>(75.248)</b>	<b>(29.959)</b>

**NOTE 22 - FINANCIAL EXPENSES**

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Interest expense	(62.088)	(68.421)
Bank commissions and other changes	(19.511)	(34.268)
	<b>(81.599)</b>	<b>(102.689)</b>

**NOTE 23 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Current income tax liability:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision for corporate tax expense	158.802	115.648
Less: Prepaid taxes	(129.097)	(82.447)
<b>Current income tax liability</b>	<b>29.705</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 consolidated financial statements, have been calculated on a separate-entity basis.

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#### NOTE 23 - 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 year ended 31 December 2020 and 2019 is as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Current tax expense	(158.802)	(115.648)
Deferred tax income	7.638	1.116
	<b>(151.164)</b>	<b>(114.532)</b>

Reconciliation of the taxation on income for the years ended 31 December 2020 and 2019 is as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
<b>Income before tax</b>	<b>676.488</b>	<b>551.991</b>
Tax calculated at tax rates applicable	(148.827)	(121.438)
Other adjustments not subject to tax	2.162	9.625
Expenses not deductible for tax purposes	(5.505)	(3.707)
Exemptions	1.006	988
<b>Tax expense</b>	<b>(151.164)</b>	<b>(114.532)</b>

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**NOTE 23 - 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 31 December 2020 and 2019, using enacted tax rates at the statement of financial position dates, are as follows:

	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<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	54.077	(10.839)	36.138	(7.251)
Inventory	(10.426)	2.085	(8.050)	1.771
Provision for employment termination benefits	(31.627)	6.351	(24.223)	4.870
Provision for unused vacation and other provisions	(79.915)	15.983	(60.643)	13.342
Provision for impairment of financial investments	(3.463)	693	(3.463)	693
Provision for doubtful receivables	(25.447)	5.598	(24.317)	5.350
Other - net	56.151	(10.009)	79.697	(17.243)
		<b>9.353</b>		<b>1.532</b>

Thereof:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Subsidiaries with net deferred income tax assets	37.875	27.390
Subsidiaries with net deferred income tax liabilities	(28.522)	(25.858)
	<b>9.353</b>	<b>1.532</b>

Movement of deferred tax assets for years ended 31 December 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
<b>1 January</b>	<b>1.532</b>	<b>337</b>
Profit or loss effect	7.638	1.116
Other comprehensive income effect	183	79
<b>31 December</b>	<b>9.353</b>	<b>1.532</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

#### NOTE 24 - 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.

		<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Net profit for the year	A	525.324	437.459
Number of ordinary shares with a full TL 1 face value	B	32.250.825.300	32.250.825.300
<b>Gain per 100 shares (full TL)</b>	<b>A/B</b>	<b>1,63</b>	<b>1,33</b>

There are no differences between basic and diluted gain per share for the periods ended 31 December 2020 and 2019.

#### NOTE 25 - FINANCIAL INVESTMENTS

	<b>31 December 2020</b>	<b>31 December 2019</b>
Financial assets at fair value through profit or loss	146.812	-
Financial assets at fair value through other comprehensive income	167	167
	<b>146.979</b>	<b>167</b>

#### **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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Certificates of deposits	146.812	-
	<b>146.812</b>	<b>-</b>

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 December 2020.

Deposits and certificate of deposits are dominated in USD and weighted average annual interest rate is 0,38% (31 December 2019: None).

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#### **NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

##### **a) Credit risk:**

Ownership of financial assets brings about the risk of the other party's failure to perform the obligation of the contract. The Group management covers such risks by restricting the average risk for the other party in each deal and receiving guarantees if and when necessary. The Group does business through a dealers system to a great extent in the country. The Group reduces its collection risk with letters of guarantee, mortgages, a direct debit system and collections via credit cards which it received from its customers and controls the purchase orders of its customers by comparing such guarantees received from customers with its receivables. Considering the past experience in the collection of the trade receivables of the Group, one can see that the provisions allocated are within the anticipated limits. Therefore, the Group management does not anticipate any additional risks related with the Group's trade receivables.

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#### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The credit risk analysis of financial instruments as of 31 December 2020 and 2019 is as follows:

##### 31 December 2020:

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables (1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	<b>2.007</b>	<b>710.015</b>	<b>-</b>	<b>12.565</b>	<b>1.032.366</b>	<b>146.979</b>	<b>1.903.932</b>
- The part of maximum credit risk covered with guarantees etc	-	427.288	-	-	-	-	427.288
<b>A. Net book value of financial assets not past due and not impaired (3)</b>	<b>2.007</b>	<b>685.373</b>	<b>-</b>	<b>12.565</b>	<b>1.032.366</b>	<b>146.812</b>	<b>1.879.123</b>
<b>B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Net book value of assets past due but not impaired (3)</b>	<b>-</b>	<b>24.642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.642</b>
- The part covered by guarantees etc.	-	2.748	-	-	-	-	2.748
<b>D. Net book value of assets impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>167</b>
- Past due (gross book value)	-	39.739	-	-	-	-	-
- Impairment (-)	-	(39.739)	-	-	-	-	39.739
- The part of net value covered with guarantees etc.	-	-	-	-	-	-	(39.739)
- Not due (gross book value)	-	19.749	-	-	-	4.056	23.805
- Impairment (-)	-	(19.749)	-	-	-	(3.889)	(23.638)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
<b>E. Off balance items exposed to credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Trade receivables of the Group are mainly resulted from sales of beer.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences, the Group management believes that there are no additional credit risk for the collection of these receivables.

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**31 December 2019:**

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables(1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)</b>	<b>326</b>	<b>848.701</b>	<b>-</b>	<b>9.850</b>	<b>347.304</b>	<b>167</b>	<b>1.206.348</b>
- The part of maximum credit risk covered with guarantees etc	-	499.680	-	-	-	-	499.680
<b>A. Net book value of financial assets not past due and not impaired (3)</b>	<b>326</b>	<b>780.346</b>	<b>-</b>	<b>9.850</b>	<b>347.304</b>	<b>-</b>	<b>1.137.826</b>
<b>B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)</b>	<b>-</b>	<b>68.355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68.355</b>
<b>C. Net book value of assets past due but not impaired (3)</b>	<b>-</b>	<b>12.694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.694</b>
- The part covered by guarantees etc.	-	-	-	-	-	-	-
<b>D. Net book value of assets impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>167</b>
- Past due (gross book value)	-	36.356	-	-	-	-	36.356
- Impairment (-)	-	(36.356)	-	-	-	-	(36.356)
- The part of net value covered with guarantees etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	20.594	-	-	-	4.056	24.650
- Impairment (-)	-	(20.594)	-	-	-	(3.889)	(24.483)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
<b>E. Off balance items exposed to credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Trade receivables of the Group are mainly resulted from sales of beer.

(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.

(3) Considering the past experiences, the Group management believes that there are no additional credit risk for the collection of these receivables.

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(Continued)**

The aging analysis of overdue financial assets as of 31 December 2020 and 2019 is as follows:

**31 December 2020:**

	<b>Trade Receivables</b>		
	<b>Related Parties</b>	<b>Other Parties</b>	<b>Total</b>
1-30 days overdue	-	19.668	19.668
1-3 months overdue	-	3.613	3.613
3-12 months overdue	-	1.361	1.361
		<b>24.642</b>	<b>24.642</b>
The part covered by guarantees	-	(2.748)	(2.748)
- Bank letters of guarantee	-	(933)	(933)
- Mortgage	-	(1.815)	(1.815)
		<b>21.894</b>	<b>21.894</b>

**31 December 2019:**

	<b>Trade Receivables</b>		
	<b>Related Parties</b>	<b>Other Parties</b>	<b>Total</b>
1-30 days overdue	-	64.070	64.070
1-3 months overdue	-	3.470	3.470
3-12 months overdue	-	815	815
		<b>68.355</b>	<b>68.355</b>
The part covered by guarantees	-	(12.694)	(12.694)
- Bank letters of guarantee	-	(10.597)	(10.597)
- Mortgage	-	(2.097)	(2.097)
		<b>55.661</b>	<b>55.661</b>



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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

**b) Liquidity risk:**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk is managed by obtaining sufficient financing facilities from various financial institutions to be able to fund the present and future potential borrowing requirement. Liquidity risk represents the Group's risk of failure to cover its financial liabilities when they are due. The Group's liquidity management approach is to have sufficient liquidity in each and every term and to cover any liabilities both under normal and hard conditions when they are due without causing any unacceptable loss nor damaging the reputation of the Group in the market.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	<b>31 December 2020</b>				
	<b>Book value</b>	<b>Total cash outflows per agreement (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 - 12 months (II)</b>	<b>1 - 5 years (III)</b>
<b>Contractual terms:</b>					
<b>Non-derivative financial liabilities:</b>					
Trade payables	332.650	336.769	336.769	-	-
Bank loans	376.082	376.082	261.082	115.000	-
Leasing borrowings	54.902	54.902	5.898	15.852	33.152
	<b>763.634</b>	<b>767.753</b>	<b>603.749</b>	<b>130.852</b>	<b>33.152</b>

	<b>31 December 2019</b>				
	<b>Book value</b>	<b>Total cash outflows per agreement (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 - 12 months (II)</b>	<b>1 - 5 years (III)</b>
<b>Contractual terms:</b>					
<b>Non-derivative financial liabilities:</b>					
Trade payables	234.212	235.513	235.513	-	-
Bank loans	188.211	188.211	61.894	77.724	48.593
Leasing borrowings	27.080	27.080	4.895	12.437	9.748
	<b>449.503</b>	<b>450.804</b>	<b>302.302</b>	<b>90.161</b>	<b>58.341</b>

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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#### **NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

##### **c) Market risk:**

##### **i) Interest risk**

As the Group had no financial instruments subject to interest rate risk as of 31 December 2020, the Group is not subject to significant exposure from fluctuations in interest rates.

##### **ii) Price risk**

The Group's profitability and cash flows generated from operating activities depend in part on changes in the prices of raw materials. These relevant prices are followed closely by the Group and monitored by the Board of Directors in order to reduce pricing pressure and to take necessary precautions to mitigate cost fluctuations.

##### **iii) Foreign exchange risk**

The Group is exposed to foreign exchange risk through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are discussed at the meetings of Board of Directors, and closely monitored by analysis of the foreign currency position.

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

	<b>Foreign Currency Position Schedule</b>							
	<b>31 December 2020</b>				<b>31 December 2019</b>			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	10.225	1.158	161	278	1.476	225	21	-
2a. Monetary Financial Assets (Including Cash, Bank accounts)	541.373	42.479	25.476	71	145.370	7.702	14.971	52
2b. Non-Monetary Financial Assets	36.933	11	3.973	1.064	22.190	6	3.146	1.232
3. Other	-	-	-	-	-	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>588.531</b>	<b>43.648</b>	<b>29.610</b>	<b>1.413</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	3.321	-	369	-	5.884	-	885	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>3.321</b>	<b>-</b>	<b>369</b>	<b>-</b>	<b>5.884</b>	<b>-</b>	<b>885</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>591.852</b>	<b>43.648</b>	<b>29.979</b>	<b>1.413</b>	<b>174.920</b>	<b>7.933</b>	<b>19.023</b>	<b>1.284</b>
10. Trade Payables	(28.857)	(874)	(2.473)	(165)	(22.660)	(840)	(2.503)	(1.024)
11. Financial Liabilities	(4.801)	-	(533)	-	(3.492)	-	(525)	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	(5.989)	(806)	(7)	(10)	(909)	(153)	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>(39.647)</b>	<b>(1.680)</b>	<b>(3.013)</b>	<b>(175)</b>	<b>(27.061)</b>	<b>(993)</b>	<b>(3.028)</b>	<b>(1.024)</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(4.216)	-	(468)	-	(18.502)	-	(2.782)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>(4.216)</b>	<b>-</b>	<b>(468)</b>	<b>-</b>	<b>(18.502)</b>	<b>-</b>	<b>(2.782)</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(43.863)</b>	<b>(1.680)</b>	<b>(3.481)</b>	<b>(175)</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 Derivative Instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Net Asset/(Liability) Position of Off-Financial Position Derivative Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Amount of Liability Nature Off-Financial Position Derivative Instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Asset/(Liability) Position (9-18+19)</b>	<b>547.989</b>	<b>41.968</b>	<b>26.498</b>	<b>1.238</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>513.724</b>	<b>42.763</b>	<b>22.163</b>	<b>184</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount of foreign currency denominated assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount of foreign currency denominated liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of 31 December 2020, Group's export and import amounts are TL 134.881 and TL 389.146, respectively (31 December 2019: TL 113.487 and TL 340.172).

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**NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS  
(Continued)**

**31 December 2020:**

	<b>Profit/Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD - nets	30.806	(30.806)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect - net (1+2)</b>	<b>30.806</b>	<b>(30.806)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro - net	23.869	(23.869)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect - net (4+5)</b>	<b>23.869</b>	<b>(23.869)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies - net	124	(124)
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect - net (7+8)</b>	<b>124</b>	<b>(124)</b>
<b>TOTAL (3+6+9)</b>	<b>54.799</b>	<b>(54.799)</b>

**31 December 2019:**

	<b>Profit/Loss</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
<b>Change of USD by 10% against TL:</b>		
1- Asset/Liability denominated in USD - net	4.210	(4.210)
2- The part of USD risk hedged (-)	-	-
<b>3- USD effect - net (1+2)</b>	<b>4.210</b>	<b>(4.210)</b>
<b>Change of Euro by 10% against TL:</b>		
4- Asset/Liability denominated in Euro - net	6.107	(6.107)
5- The part of EUR risk hedged (-)	-	-
<b>6- Euro effect - net (4+5)</b>	<b>6.107</b>	<b>(6.107)</b>
<b>Change of other currencies by 10% against TL:</b>		
7- Asset/Liability denominated in other currencies - net	(98)	98
8- The part of other currency risk hedged (-)	-	-
<b>9- Other currency effect - net (7+8)</b>	<b>(98)</b>	<b>98</b>
<b>TOTAL (3+6+9)</b>	<b>10.219</b>	<b>(10.219)</b>

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

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### NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### d) 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 December 2020	31 December 2019
Total liabilities	1.629.438	1.229.315
Less: Cash and cash equivalents	(1.032.516)	(347.427)
Less: Financial assets at fair value through profit/loss	(146.812)	-
Net debt	450.110	881.888
Total equity	1.830.493	1.305.899
<b>Debt/equity ratio</b>	<b>25%</b>	<b>68%</b>

### NOTE 27 - FINANCIAL INSTRUMENTS

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

##### 31 December 2020:

	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	1.032.516	-	1.032.516	28
Trade receivables	712.022	-	712.022	4
Financial Investments	-	146.812	146.812	25
<b><u>Financial liabilities</u></b>				
Bank loans	376.082	-	376.082	6
Trade payables	-	-	332.650	4
Lease liabilities	54.902	-	54.902	6

##### 31 December 2019:

	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	28
Trade receivables	849.027	-	849.027	4
<b><u>Financial liabilities</u></b>				
Bank loans	188.211	-	188.211	6
Trade payables	234.212	-	234.212	4
Lease liabilities	27.080	-	27.080	6

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

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#### NOTE 28 - CASH AND CASH EQUIVALENTS

	<b>31 December 2020</b>	<b>31 December 2019</b>
Banks	1.032.366	347.304
- TL denominated time deposits	627.161	196.260
- USD denominated time deposits	164.974	45.753
- Euro denominated time deposits	229.483	99.568
- TL denominated demand deposits	10.748	5.723
Cash in hand	150	123
	<b>1.032.516</b>	<b>347.427</b>

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TL denominated time deposits of TL 627.161 (31 December 2019: TL 196.260) at 31 December 2020 has an interest rate of 18,40% p.a. (31 December 2019: 10,38% p.a.) and maturity is on 19 January 2021 (31 December 2019: 3 January 2020) whereas USD denominated time deposits of USD 22.474 (31 December 2019: USD 7.702) at 31 December 2020 has an interest rate of 2,99% p.a. (31 December 2019: 2,06% p.a.) and its weighted average maturity is on 17 January 2021 (31 December 2019: 12 January 2020). Euro denominated time deposits of Euro 25.476 (31 December 2019: Euro 14.971) at 31 December 2020 has an interest rate of 1,97% p.a. (31 December 2019: 0,19%) and its weighed maturity is on 25 January 2021 (31 December 2019: 30 January 2020).

#### NOTE 29 - SUBSEQUENT EVENTS

None.

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