IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) PERSONS OTHER THAN US PERSONS (AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) LOCATED OUTSIDE OF THE UNITED STATES OF AMERICA

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the "Prospectus") following this page and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of this Prospectus. In accessing this Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Coca-Cola İçecek Anonim Şirketi (the "Issuer") or HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International or MUFG Securities EMEA plc (together, the "Joint Bookrunners") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OF AMERICA (WITH ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA, COLLECTIVELY THE "UNITED STATES") OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE "EEA"), THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF REGULATION (EU) 2017/1129. THE PROSPECTUS MUST NOT BE ACTED UPON OR RELIED ON IN ANY MEMBER STATE OF THE EEA BY PERSONS WHO ARE NOT "QUALIFIED INVESTORS". ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO "QUALIFIED INVESTORS" IN ANY MEMBER STATE OF THE EEA.

IN THE UNITED KINGDOM ("UK"), THE PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. IN ADDITION, IN THE UK, THIS PROSPECTUS MAY ONLY BE DISTRIBUTED TO, AND IS ONLY DIRECTED AT, QUALIFIED INVESTORS WHO ARE (A) PERSONS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"), (B) HIGH NET WORTH BODIES CORPORATE FALLING WITHIN ARTICLE 49(2) OF THE ORDER AND (C) ANY OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS PROSPECTUS OR ANY OF ITS CONTENTS. THE SECURITIES REFERENCED IN THE PROSPECTUS ARE NOT BEING OFFERED TO THE PUBLIC IN THE UK. EACH RECIPIENT ALSO REPRESENTS AND AGREES THAT IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED, WITH

RESPECT TO ANYTHING DONE BY IT IN RELATION TO ANY SECURITIES REFERENCED IN THE PROSPECTUS IN, FROM OR OTHERWISE INVOLVING THE UK.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US PERSON OR TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE PROSPECTUS.

Confirmation of your representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be either (1) Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A ("Rule 144A") under the Securities Act) or (2) a person other than a US person (as defined in Regulation S under the Securities Act) located outside the United States. This Prospectus is being sent to you at your request, and by accepting the e-mail to which this Prospectus is attached and accessing this Prospectus you will be deemed to have represented to the Issuer and the Joint Bookrunners that (1) either (a) you and any customers you represent are QIBs or (b) you are a person other than a US person (as defined in Regulation S under the Securities Act) located outside the United States and you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S under the Securities Act) and the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (2) you consent to delivery of such Prospectus by electronic transmission and (3) you have understood and agree to the terms set out herein.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Prospectus to any other person.

The materials relating to the offering of securities described in this Prospectus do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer, and a Joint Bookrunner or any affiliate of the Joint Bookrunners is a licensed broker or dealer in that jurisdiction, then the offering will be deemed to be made by such Joint Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

This Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer or the Joint Bookrunners, any person who controls any of them or any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Bookrunners.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The offering of the securities described in this Prospectus has been authorised by the Capital Markets Board of Turkey (the "CMB") only for the purpose of the sale of such securities outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "Decree 32"), Article 11 of the Capital Markets Law and Communiqué No. VII-128.8 on Debt Instruments. The securities described in this Prospectus (or beneficial interests therein) must be offered or sold outside of Turkey and the CMB has authorised the offering of such securities; provided that, following the primary sale of the securities, no transaction that may be deemed as a sale of the securities (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the securities described in this Prospectus (or beneficial interests therein) by residents of Turkey; provided that they purchase or sell such securities (or beneficial interests therein) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised by the Banking Regulation and Supervision Agency and/or pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use banks or licensed brokerage institutions when purchasing any of securities described in this Prospectus (or beneficial interests therein) and transfer the purchase price through such licensed banks. The Issuer has obtained the CMB approval letter dated 31 December 2021 and numbered E-29833736-105.02.02.02-15218, together with the CMB-approved issuance certificate (*onaylanmış ihraç belgesi*), and the written approval of the CMB relating to the issue of the securities described in this Prospectus (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) will be obtained from the CMB on or before the sale and issuance of such securities. Any directed selling efforts within Turkey in connection with the securities described in this Prospectus are strictly prohibited. No form of general solicitation or general advertising in connection with any offer and sale of the securities described in this Prospectus in Turkey is permitted and no disclosure in Turkey in relation to the Issuer, such securities or this Prospectus may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

UK MiFIR product governance/Professional investors and eligible counterparties only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described in this Prospectus has led to the conclusion that: (i) the target market for such securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities described in this Prospectus (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

COCA-COLA İÇECEK ANONİM ŞİRKETİ

US$500,000,000 4.50 per cent. Sustainability-Linked Notes due 2029

Coca-Cola İçecek Anonim Şirketi, a public joint-stock company ("CCI", the "Company" or the "Issuer"), is issuing US$500,000,000 4.50 per cent. Sustainability-Linked Notes due 2029 (the "Notes"). The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities or "blue sky" laws of any state of the United States of America ("United States" or "US"), the United Kingdom or any other jurisdiction, and are being offered: (a) for sale in the United States (the "US Offering") to persons reasonably believed to be qualified institutional buyers only (each a "QIB") as defined in, and in reliance upon, Rule 144A under the Securities Act ("Rule 144A") and (b) for sale to non-US persons outside the United States (the "International Offering" and, with the US Offering, the "Offering") in reliance upon Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "*Plan of Distribution*", "*Selling Restrictions*" and "*Transfer Restrictions*" herein.

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" BEGINNING ON PAGE 20 OF THIS PROSPECTUS.

Interest on the Notes will be paid in arrear on each of 20 January and 20 July, commencing on 20 July 2022; provided that, if any such date is not a Business Day (as defined below), such payment will be made on the next Business Day. Principal of the Notes is scheduled to be paid on 20 January 2029, but may be paid earlier under certain circumstances as further described herein. The Notes initially will be sold to investors at a price equal to 98.526 per cent. of the principal amount thereof. For a more detailed description of the Notes, see "*Conditions of the Notes*".

This Prospectus (the "Prospectus") has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("Euronext Dublin"), for the Notes to be admitted to the official list of Euronext Dublin (the "Official List") and to trading on the regulated market of Euronext Dublin (the "Regulated Market"). References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Regulated Market.

This Prospectus will be valid until the admission of the Notes to trading on the Regulated Market. The obligation to supplement this Prospectus in the event of any significant new fact, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Application has been made to the Capital Markets Board of Turkey (the "CMB") in its capacity as competent authority under Law No. 6362 of the Republic of Turkey ("Turkey") relating to capital markets (as amended, the "Capital Markets Law") for the approval of the issuance and sale of the Notes by the Company outside Turkey and the issuance certificate (*ihraç belgesi*) relating to the Notes. The issuance certificate relating to the Notes dated 31 December 2021 was approved by the CMB in its meeting of 30 December 2021 and numbered 67/1896 and sent to the Issuer with a letter dated 31 December 2021 and numbered E-29833736-105.02.02.02-15218. The written approval (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) relating to the Notes is expected to be obtained from the CMB on or before the Issue Date (as defined below).

Under current Turkish tax law, withholding tax is applicable and might be payable based on payments of interest on the Notes. See "*Taxation—Certain Turkish Tax Considerations*".

The Notes are expected to be rated at issuance "BBB-" by S&P Global Ratings Europe Limited ("S&P") and "BBB-" by Fitch Ratings Ltd. ("Fitch"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

As of the date of this Prospectus, Fitch is established in the United Kingdom (the "UK") and registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") (the "UK CRA Regulation"). As such, the ratings issued by Fitch may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited in accordance with Regulation (EU) No 1060/2009, as amended (the "CRA Regulation"), and have not been withdrawn. Fitch Ratings Ireland Limited is established in the European Economic Area (the "EEA") and registered under the CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk).

S&P is established in the EEA and registered in accordance with the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by ESMA on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk). The ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The Notes are being offered under Rule 144A and Regulation S by each of HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International and MUFG Securities EMEA plc (each, a "Joint Bookrunner" and, collectively, the "Joint Bookrunners"), subject to their acceptance and right to reject orders in whole or in part.

The Notes will initially be represented by global certificates in registered form (the "Global Certificates"), one of which will be issued in respect of the Notes ("Rule 144A Notes") offered and sold in reliance on Rule 144A (the "Restricted Global Certificate") and will be registered in the name of Cede & Co., as nominee for The Depositary Trust Company ("DTC"), and the other of which will be issued in respect of the Notes ("Regulation S Notes") offered and sold in reliance on Regulation S (the "Unrestricted Global Certificate") and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream, Luxembourg"). It is expected that delivery of the Global Certificates will be made in immediately available funds on 20 January 2022 (i.e. the fifth Business Day following the date of pricing of the Notes (such date being referred to herein as the "Issue Date" and such settlement cycle being herein referred to as "T+5")).

The Issuer intends to use the proceeds of the issuance of the Notes to finance the purchase of up to US$250 million of the aggregate principal amount outstanding of the US$500,000,000 4.215 per cent. Notes due 2024 (the "2024 Notes") tendered and accepted for purchase by the Issuer in accordance with the terms and conditions of the Tender Offer (as defined herein). The remaining proceeds of the issuance of the Notes will be used by the Issuer to refinance existing indebtedness, fund its capital expenditure programme and for general corporate purposes.

Joint Bookrunners

BofA Securities **HSBC** **J.P. Morgan** **MUFG**

The date of this Prospectus is 18 January 2022.

This Prospectus constitutes a prospectus for the purpose of Article 6 of the Prospectus Regulation. This Prospectus is to be read in conjunction with the Consolidated Financial Statements (as defined in "*Presentation of Information—Presentation of Financial Information*") of the Group (as defined below), which form part of this Prospectus and are included herein.

The information on the websites to which this Prospectus refers does not form part of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Company and the Joint Bookrunners to subscribe for or purchase, any Notes (or beneficial interests therein). This Prospectus is intended only to provide information to assist potential investors in deciding whether or not to subscribe for or purchase Notes (or beneficial interests therein) in accordance with the terms and conditions specified by the Joint Bookrunners. The Notes (and beneficial interests therein) may not be offered or sold, directly or indirectly, and this Prospectus may not be circulated, in any jurisdiction except in accordance with legal requirements applicable to such jurisdiction.

The distribution or delivery of this Prospectus and the offer or sale of the Notes (or beneficial interests therein) in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes (or beneficial interests therein) and on the distribution or delivery of this Prospectus and other offering material relating to the Notes, see "*Selling Restrictions*" and "*Transfer Restrictions*".

No person is or has been authorised in connection with the offering of the Notes (or beneficial interests therein) to give any information or make any representation regarding the Company, the Group (as defined below), the Joint Bookrunners or the Notes other than as contained in this Prospectus. Any such representation or information must not be relied upon as having been authorised by the Company or the Joint Bookrunners. The delivery of this Prospectus at any time does not imply that there has been no change in the Group's affairs or that the information contained in it is correct as of any time subsequent to its date or that any other information supplied in connection with the Offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. This Prospectus may only be used for the purpose for which it has been published. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Company during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. None of the Joint Bookrunners assumes any responsibility for the accuracy or completeness of the information contained herein. Accordingly, no representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Joint Bookrunners assumes any responsibility or liability for the accuracy or completeness of the information set forth in this Prospectus. No Joint Bookrunner accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Company in connection with the offer or sale of the Notes or their distribution.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the offer or sale of the Notes should purchase the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Company and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets in which they participate; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

None of the Company, the Joint Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Notes (or beneficial interests therein) regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.

GENERAL INFORMATION

The Notes have not been and will not be registered under the Securities Act or under the securities or "blue sky" laws of any state of the United States or any other US jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may only be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "*Transfer Restrictions*". Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

This Prospectus is being provided on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Notes offered and sold to QIBs in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Notes offered and sold outside the United States to non-US persons pursuant to Regulation S will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Except as described in this Prospectus, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg. Except as described in this Prospectus, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement.

The offering of the Notes has been authorised by the CMB only for the purpose of the sale of the Notes outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, "Decree 32"), Article 11 of the Capital Markets Law and Communiqué No. VII-128.8 on Debt Instruments (the "Communiqué"). The Notes (or beneficial interests therein) must be offered or sold outside of Turkey and the CMB has authorised the offering of the Notes; provided that, following the primary sale of the Notes, no transaction that may be deemed as a sale of the Notes (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the Notes (or beneficial interests therein) by residents of Turkey; provided that they purchase or sell such Notes (or beneficial interests therein) in the financial markets outside of Turkey and such sale and purchase is made through banks and/or licensed brokerage institutions authorised by the Banking Regulation and Supervision Agency (the "BRSA") and/or pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use banks or licensed brokerage institutions when purchasing any Notes (or beneficial interests therein) and transfer the purchase price through such licensed banks. The Issuer has obtained the CMB approval letter dated 31 December 2021 and numbered E-29833736-105.02.02.02-15218, together with the CMB approved issuance certificate (*onaylanmış ihraç belgesi*) dated 31 December 2021 and numbered 250/BA-1896 and the written approval of the CMB relating to the issue of the Notes (which may be in the form of a tranche issuance certificate (*tertip ihraç belgesi*)) will be obtained from the CMB on or before the sale and issuance of the Notes. Any directed selling efforts within Turkey in connection with the Notes are strictly prohibited. No form of general solicitation or general advertising in connection with any offer and sale of the Notes in Turkey is permitted and no disclosure in Turkey in relation to the Issuer, the Notes or this Prospectus may be made without the prior consent of the Issuer, save as may be required by applicable law, court order or regulation.

Pursuant to the Communiqué, the Issuer is required to notify the Central Securities Depository of Turkey (Merkezi Kayıt Kuruluşu) (the "CRA") within three Turkish business days from the issue date of the Notes of the principal amount, the issue date, the ISIN, the interest commencement date, the maturity date, the interest rate, the name of the custodian, the currency of the Notes and the country of issuance.

Prohibition of sales to EEA retail investors – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a "*retail investor*" means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the UK. For these purposes, a "*retail investor*" means a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("UK MiFIR"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MIFIR product governance/Professional investors and Eligible Counterparties only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in UK MiFIR); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

An application has been made to Euronext Dublin for the Notes to be admitted to listing on the Official List and to have the Notes admitted to trading on the Regulated Market; however, no assurance can be given that such application will be accepted.

In connection with the issue of the Notes, Merrill Lynch International (the "Stabilisation Manager") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; however, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules. Notwithstanding anything herein to the contrary, the Company may not (whether through over-allotment or otherwise) issue more Notes than have been approved by the CMB.

The Notes have not been approved or disapproved by the US Securities and Exchange Commission (the "SEC"), any state securities commission or any other US, Turkish, Irish, United Kingdom or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary may be a criminal offence.

The distribution of this Prospectus and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons that come into possession of this Prospectus are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or any beneficial interest therein) in any jurisdiction to the extent that such offer or solicitation is unlawful. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. In particular, there are restrictions on the distribution of this Prospectus and the offer and sale of the Notes (and beneficial interests therein) in the United States, Turkey, the EEA, the UK, the Republic of Italy, Singapore, Hong Kong and numerous other jurisdictions.

In this Prospectus "CCI", "Company" or "Issuer" means Coca-Cola İçecek Anonim Şirketi on a stand-alone basis, and "Group" means the Company and its subsidiaries and joint ventures. Unless otherwise noted, references to "management" are to the members of the Company's board of directors and statements as to the Company's or Group's beliefs, expectations, estimates and options are to those of the Company's management.

In addition, references to "Anadolu Efes" are to Anadolu Efes Biracilik ve Malt Sanayii A.Ş., references to "TCCC" are to The Coca-Cola Company and references to "CC Pakistan" are to Coca-Cola Beverages Pakistan Ltd.

RESPONSIBILITY STATEMENT

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

The Company has extracted substantially all of the information contained in this Prospectus concerning the Turkish market and its competitors from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish economy, including statistical data, has been obtained from the website of the Turkish Statistical Institute (Türkiye Istatistik Kurumu) ("TurkStat") at www.turkstat.gov.tr, the website of the Central Bank of Turkey (Türkiye Cumhuriyeti Merkez Bankasi) (the "Central Bank") at www.tcmb.gov.tr or the Turkish Treasury's website at www.hazine.gov.tr. Macroeconomic data in relation to Kazakhstan, Pakistan and Iraq in this Prospectus have been obtained from the website of the International Monetary Fund at www.imf.org and population data in relation to Kazakhstan, Pakistan and Iraq in this Prospectus have been obtained from the website of the Central Intelligence Agency (in its World Factbook) at www.cia.gov/library. Data have been downloaded/observed on various different days and may be the result of calculations made by the Company, and therefore may not appear in the exact same form on such websites or elsewhere. Such websites are not, and should not be, deemed to be a part of, or to be incorporated into, this Prospectus.

Where third party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Information regarding the Company's shareholders (including ownership levels and agreements) in "*Risk Factors*", "*The Group and Its Business*" and "*Ownership*" sections has been based upon public filings and announcements by such parties, including the Group. Such data (including from TurkStat and the Central Bank), while believed to be reliable and accurately extracted by the Company for the purposes of this Prospectus, has not been independently verified by the Company or any other party and prospective investors should not place undue reliance upon such data included in this Prospectus. As far as the Company is aware and able to ascertain from the information published by such third-party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

Where information in this Prospectus has been identified as obtained from Nielsen, GlobalData and the Group's internal estimates, calculations and data:

- with respect to Turkey, are based in part on data reported by The Nielsen Company through its Carbonated Soft Drinks, Juice, Mineral Water and RTD Ice tea category Retail Measurement Service, for total National Turkey market, 52-week period ending 31 December 2020 (Copyright © 2020, The Nielsen Company);

- with respect to Kazakhstan, are based in part on data reported by "AC Nielsen Kazakhstan" LLP through its Carbonated Soft Drinks, Juice, Mineral Water and RTD Ice tea category Retail Measurement Service, for total National Kazakhstan market, 52-week period ending 31 December 2020 (Copyright © 2020, "AC Nielsen Kazakhstan" LLP);

- with respect to Pakistan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

- with respect to Uzbekistan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

- with respect to Azerbaijan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

- with respect to Turkmenistan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

- with respect to Kyrgyzstan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC).

- with respect to Iraq, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft

Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

- with respect to Jordan, are based in part on data reported by the Group's internal estimates based on GlobalData with 2020 data through its Industry Estimates for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined) along with the Group's internal volumes, for the year ending 31 December 2020 (Copyright © 2020, GlobalData PLC); and

Where information in this Prospectus has been identified as obtained from the Group's internal estimates based on GlobalData, calculations and data are based in part on 2020 Industry Estimates by GlobalData PLC and the Group's internal estimates, along with 2020 actual volume sales data for the Group (Copyright © 2017, GlobalData PLC).

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

SECOND PARTY OPINION AND EXTERNAL VERIFICATION

In connection with the issue of the Notes, the Issuer has obtained a Second-party Opinion on the Issuer's Sustainability-Linked Bond Framework (each as defined in "*Risk Factors – The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics*"). In addition, the Issuer will engage an External Verifier (as defined in Condition 12.3) to carry out the relevant assessments required for the purposes of providing an Assurance Report in relation to the Notes pursuant to (and as defined in) Condition 12.3. The Sustainability-Linked Bond Framework, the Second-party Opinion, the Annual Integrated Report (as defined in the Conditions) and the Assurance Report are and/or will be accessible through the Issuer's website at https://www.cci.com.tr/en/sustainability/reporting/sustainability-report. However, any information on, or accessible through, the Issuer's website and the information in the Sustainability-Linked Bond Framework, such reports or the Second-party Opinion is not part of this Prospectus and should not be relied upon in connection with making any investment decision with respect to the Notes. In addition, no assurance or representation is given by the Issuer, the Joint Bookrunners, Sustainalytics, the External Verifier or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Notes.

TURKISH TAX CONSIDERATIONS

The withholding tax rate on interest and equivalent payments in respect of bonds (such as the Notes) issued outside of Turkey by Turkey-resident corporations vary depending on the original maturity of such bonds as specified under Council of Ministers' Decree No. 2009/14592, Decree No. 2009/14593 and Decree No. 2009/14594, each dated 12 January 2009, which have been amended by Presidential Decree No. 842 dated 20 March 2019 (together, the "Tax Decrees"). According to the Tax Decrees, the withholding tax rate on interest and equivalent payments on the Notes is 0 per cent. for notes with an original maturity of three years or more. See "*Taxation—Certain Turkish Tax Considerations*".

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Overview of the Group

The Group principally prepares, packages, sells and distributes sparkling and still beverages trademarked by TCCC in 11 markets across Turkey, Central Asia, Pakistan and the Middle-East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as at 30 September 2021, the Group was one of the 10 largest independent bottlers among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranked first, or in certain cases second, in all of the major markets in which it operated as at 30 September 2021, as measured by sparkling sales volume.

The Group, which had 29 bottling plants and approximately 870 thousand sales points as at 30 September 2021, has operations in Turkey, Pakistan, Kazakhstan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Uzbekistan, Jordan and Tajikistan. In addition, the Group has a 50 per cent. indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells TCCC products.

Its beverages are supplied in approximately 30 billion annual servings[1] to a consumer base of over 430 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite 3G, Schweppes, and Fanta, as well as still beverages such as fruit juice (Cappy, Minute Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), coffee and RTD ice tea (Fuse Tea).

The Group is Turkey's leading sparkling soft drinks producer, with a share of 65.5 per cent. of the Turkish sparkling soft drinks market, as well as Turkey's leading juice drink producer with a share of 27.1 per cent. of the juice drink market, each as measured by sales volume in 2020, according to Nielsen. As at 30 September 2021, the Group operated 10 bottling plants in Turkey, and in 2020 it had an annual bottling capacity of approximately 703 million unit cases.

Among its larger international markets, the Group ranks first in terms of sparkling beverage average market share by sales volume in Pakistan, Kazakhstan, and Azerbaijan, with 43.7 per cent., 52.2 per cent., and 71.5 per cent., respectively, in each case, in 2020, according to Nielsen for Kazakhstan and the Group's internal estimates based on GlobalData for Pakistan and Azerbaijan. As at 30 September 2021, the Group operated 19 bottling plants in its international markets, and in 2020 it had an annual bottling capacity of approximately 930 million unit cases.

The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. Since 2005, the Group's international operations have expanded considerably, reaching approximately 63 per cent. of its consolidated Adjusted EBITDA (calculated by attributing eliminations to the related segment) in 2020.

[1] One serving is equal to 8 US fluid ounces or 0.237 litres.

The following table sets forth certain information regarding the Group's sales volume by segment for the nine months ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018[(1)]**	**2019**	**2020**
	(million unit cases[(2)])				
Segment					
Domestic	406	467	650	554	512
International	551	642	664	654	672
Consolidated[(3)]	**957**	**1,109**	**1,315**	**1,207**	**1,184**

Notes:

(1) 2018 figures include Doğadan sales which was later disposed of and is not included in 2019 and 2020.

(2) One unit case is equal to 5.678 litres or 192 US fluid ounces.

(3) After eliminations.

The following table sets forth the Group's net revenue by segment for the nine months ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
	(TRY millions)				
Segment					
Domestic	4,839	6,666	4,690	5,524	6,188
International	6,369	9,719	5,935	6,488	8,204
Elimination	(1)	(20)	(2)	(4)	(1)
Consolidated	**11,207**	**16,365**	**10,623**	**12,008**	**14,391**

CCI has been listed on the Borsa Istanbul since 2006 and as at 30 September 2021 had a market capitalisation of US$2.4 billion.

Strengths

The Group believes that it has developed a number of competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

Leading market positions in diverse, high-growth, less saturated markets with attractive demographics. The Group is among the leading soft drinks producers in its markets, with leading market positions, particularly with sparkling soft drinks brands, in key markets such as Turkey, Pakistan and Kazakhstan. The Group operates in markets with young and growing populations of approximately 430 million, approximately 60 per cent. of which are below 30 years old. In all the Group's markets, the average per capita consumption and the average age of the population are below those of more developed countries in western Europe and the United States, while population growth rates surpass those of the above-mentioned developed regions. The Group's management expects 9 per cent. population growth and approximately 25 million new consumers in its markets by 2025. The markets in which the Group operates have experienced growth in the soft drinks markets, and management believes there is potential for further growth going forward. In addition, in most of the countries in which it operates the Group has strong local connections, stemming from being a significant investor and employer. As a result of this local presence, the Group's local cost base allows it to price its products in line with local income levels and benefit from strong knowledge and connections with local consumers, further enhancing its ability to increase penetration and expand its brand portfolio with products that are likely to be attractive to the local markets. As such, management believes that the Group, with its strong local presence, market position and attractive brand portfolio, is well placed to benefit from favourable demographics supporting continued growth in soft drinks consumption in the markets in which it operates. In addition, its markets present varying cultural, regional and economic characteristics which allow the Group to balance its revenue streams as well as diversify and balance its exposure to market and other disruptions.

Leading Coca-Cola franchise in the region with strong brand portfolio. As one of the 10 largest (by sales volume) and one of the fastest growing independent bottlers in the global Coca-Cola network, the Group has a long-standing, strong partnership with TCCC. Management believes that this partnership brings significant benefits to the Group, including rights to prepare, package and sell well-known brands such as Coca-Cola, Fanta, Sprite and Cappy. The strength and global brand appeal of Coca-Cola trademarked beverages have aided the Group in building a strong presence in the markets in which it operates, where the Group ranks either first or in certain cases second, as measured by sales volume (based on information from Nielsen and the Group's internal estimates based on GlobalData). The Group's product portfolio includes some of the most popular and well-known brands in the markets in which it operates, including Coca-Cola, Fanta, Schweppes and Sprite in its sparkling beverage portfolio and Cappy, Piko, Fuse Tea, Bonaqua and Damla in its still beverage and water portfolio. According to an Interbrand 2021 data release, Coca-Cola is one of the top 10 most recognised brands in the world and has been the highest valued food and beverages brand globally each year since 2001, while, according to Nielsen, it was the leading brand by value share in 2020 for food and beverages (excluding alcoholic beverages) in Turkey. According to Brand Finance, the Coca-Cola brand was worth US$37.9 billion in 2020. In 2016, the Company received TCCC's Global Customer & Commercial Leadership Award in two categories, Turkey On-Premise Channel and Turkey Traditional Channel. As part of Coca-Cola, the Group benefits from TCCC's global marketing efforts, which enables the Group to capture market share more rapidly in developing markets. The Group has leading market positions in the sparkling drinks markets in Turkey, Pakistan, Kazakhstan, Uzbekistan, Azerbaijan and Kyrgyzstan and a market leading position in the Juices (Fruit Juices & Nectars) category in Turkey. In the RTD ice tea category, the Group has a leading market position in Azerbaijan and was ranked second in the markets in Turkey and Kazakhstan.

Management believes that the Group's attractive brand portfolio, combined with its deep knowledge of the markets in which it operates provides a strong platform for capturing growth in the expanding soft drinks markets in the countries in which it operates

Strong shareholding structure. TCCC owns 20.1 per cent. of the Company while the Anadolu Group (directly and indirectly through Anadolu Efes) holds a further 50.3 per cent. of the Company's shares. As a key and rapidly growing bottler within the Coca-Cola system, the Group enjoys a close relationship with TCCC, and benefits from TCCC's support, market insight and experience. For example, brand advertising and other above-the-line consumer marketing efforts are carried out and mostly paid for by TCCC in co-ordination with the Company. In addition, the Group is able to co-ordinate with a cross-enterprise procurement group across the wider Coca-Cola network that assists the Group in strategic procurement of some of its key raw materials. Through its 50.3 per cent. shareholding, the Anadolu Group represents another financially strong shareholder and the Group benefits from the shared strong regional expertise and talent pool of the wider Anadolu Group.

Developed local bottling and distribution infrastructure. As at 30 September 2021, the Group has 29 bottling plants with 146 bottling lines across 11 countries, with 10 bottling plants in its largest market, Turkey. The Group's Turkish operations accounted for approximately 42 per cent. of the Group's total sales volume as at 30 September 2021. The Group acquired two plants in Southern Iraq in September 2012 and started production of Coca-Cola trademarked beverages following refurbishment of the plants. In 2012, a new sales and distribution company, Coca-Cola Beverages Tajikistan LLC. ("CCI Tajikistan") was established, which is wholly owned by CCI. Production started in 2015. In 2021, the Group acquired Coca-Cola Bottlers Uzbekistan, Ltd ("CCBU"). The Group equips its production facilities with modern bottling line equipment and information technology and has a strong focus on increasing operating efficiency, capacity utilisation, leveraging best practices across the Group and developing local talent. As a result, management believes that some of the Group's key performance indicators ("KPIs") for production and efficiency are among the leading KPIs in the global Coca-Cola system, such as its water and energy usage ratios. The Group is continuing to invest in its infrastructure in order to ensure it has sufficient capacity proximate to its growing customer base, particularly in Pakistan.

Experienced management. The Group's management team has developed a strong track record of successfully acquiring and integrating a number of operations in new markets, especially in emerging markets, while at the same time maintaining a strong balance sheet with relatively low leverage ratios. Key management personnel of the Group have extensive experience in the beverage industry and in the Coca-Cola system, including the CEO and CFO, who have over 20 years' experience in the Coca-Cola system. This experience and knowledge of both the beverage industry and the Coca-Cola system enhances the Group's ability to evaluate and capitalise on growth opportunities in its markets, and management believes this provides the Group with certain advantages over other market participants.

Strategy

The Group's vision is to be the best fast-moving consumer goods ("FMCG") company across all markets in which it operates, inspiring people and adding value through excellence. To further this vision and implement its strategy of driving sustainable and profitable growth, as well as enhancing its competitive position in its existing markets, the Group aims to:

Focus on profitable growth in sparkling beverage brands with a new growth strategy through revenue growth management and expanding the customer base. The Group will continue to focus on accelerating growth for sparkling beverage brands and per capita consumption of sparkling beverages through focused marketing efforts on the Coke trademark, investing in Coca-Cola Zero Sugar to provide more consumer choice and launching other sparkling sugar free brands, while exploring further opportunities in the sparkling beverage market, in particular, through the Fanta and Sprite brands, which involves continued focus on effective discount management and optimisation of packaging mix to continue to drive profitable volume growth, integrated channel and regional strategies and expanding the consumer base by increasing the number of transactions.

Accelerate growth in still beverage brands. The Group aims to continue to align its growth strategy and operating model with consumer tastes by continuing to invest in and grow still beverage brands. These include energy drinks, further growing Fuse Tea, by focusing on further strengthening the brand and expanding the customer base, strengthening the Group's position in the juice market, including through value-added propositions, and enhancing the profitability of the bottled water brands. This is consistent with TCCC's and the Group's strategy to become a total beverage company.

Focus on increasing revenues and improving profitability in its international operations. A core element of the Group's strategy is to continue to focus on increasing revenues and improving profitability in its international operations, including through upgrading and improving its sales and distribution systems, particularly in Pakistan, Iraq and Uzbekistan.

Maintain commitment to productivity and continuous innovation. The Group seeks to maintain its commitment to productivity and continuous innovation at each stage of its business by concentrating on increasingly higher operational efficiency and effectiveness to help drive its financial performance, including through adopting and upgrading best practices and processes, as well as continuous, extensive training of its employees.

Focus on strengthening the Group's balance sheet. The Group aims to continue to strengthen its balance sheet through a number of measures, including extending the average term of the Group's debt to over five years, continuing to diversify the Group's sources of funding, and optimising the Group's average cost of funding by managing its interest rate profile, currency diversification and the maturities of its borrowings.

Continue to strengthen its reputation. The Group intends to continue to focus on strengthening its reputation, including through transparent communications with the public and adopting globally accepted reporting practices and continuing to enhance the value and recognition of the brands it distributes. It also intends to remain focused on its strong quality, environmental and health and safety standards while continuing to be proactive and innovative in protecting the environment, including continuing to minimise carbon emissions and the use of natural resources by reducing packaging, water and energy usage, and being recognised as a responsible corporate citizen. The Group also plans to continue supporting the communities it is active in by building access to safe drinking water and sponsoring youth development programmes. The Group also plans to reduce the number of calories in its portfolio of beverages.

Proactively position sparkling and still beverage brands against changing consumer demand, preferences, trends and potential regulatory changes. The Group plans to continue to closely monitor consumer demand, preferences and trends to enhance the management of its product portfolio through introducing new brands, flavours and packaging alternatives, such as the tea, energy drinks and bottled water beverages it has introduced relatively recently, with the aim of growing both the sparkling beverage and still beverage categories to drive market share gains and increase sales volumes across the markets in which it operates.

Evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks. The Group aims to gradually evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks, by focusing on technological innovation at each stage of its business, including, for example, an e-commerce customer portal ("CCI Next"), new generation client relationship management and sales force automation, and the digital transformation of its supply chain, including connected planning and digital twin.

OVERVIEW OF THE NOTES

The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the Conditions. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. See, in particular, "Conditions of the Notes". Words and expressions defined in "Conditions of the Notes" shall have the same meanings in this overview.

Issue:	US$500,000,000 principal amount of 4.50 per cent. Notes due 2029.
Interest and Interest Payment Dates:	The Notes will bear interest from and including 20 January 2022 at the rate of 4.50 per cent. per annum, payable semi-annually in arrear on each of 20 January and 20 July in each year (each an "Interest Payment Date"); provided that, as described in Condition 6.4, if any such date is not a Business Day (as defined in Condition 6.4), such payment will be made on the next Business Day. The first payment (representing a full six months' interest) will be made on 20 July 2022.
Step Up upon occurrence of the Step Up Event:	If a Step Up Event occurs, the Rate of Interest accruing from and including the Step Up Date shall be increased by the Step Up Margin, such increased amount to be payable on the Maturity Date or any earlier date for the redemption or repayment of the Notes, subject as provided in Conditions 7.2 and 12.4, as applicable, in respect of the full 12 month period from (and including) the Step Up Date to (but excluding) the Maturity Date. The Step Up Event is linked to the failure of the Issuer to satisfy the Water Use Ratio Condition, being the failure to achieve a specified sustainability performance target in relation to a key performance indicator or the failure of the Issuer to report on such key performance indicator in accordance with Condition 12.3. For the avoidance of doubt, a Step Up Event and an increase in the Rate of Interest as a result of a Step Up Event may occur no more than once and the Rate of Interest will not subsequently decrease. See "*Conditions of the Notes—Condition 5.4*".
Maturity Date:	20 January 2029.
Tender Offer	On 10 January 2022, pursuant to a tender offer memorandum dated 10 January 2022 (the "Tender Offer Memorandum"), the Company announced that it had launched a tender offer (the "Tender Offer") via a Regulatory News Services ("RNS") announcement on Euronext Dublin's website. Pursuant to the Tender Offer, the Company invited holders of the 2024 Notes to tender for purchase by the Company for cash their outstanding 2024 Notes, upon the terms and subject to the conditions set out in the Tender Offer Memorandum.

Use of Proceeds:	The net proceeds of the Offering will be used by the Company to finance the purchase of up to US$250 million of the aggregate principal amount outstanding of the 2024 Notes tendered and accepted for purchase by the Company in accordance with the terms and conditions of the Tender Offer. The remaining proceeds of the issuance of the Notes will be used by the Company to refinance existing indebtedness, fund its capital expenditure programme and for general corporate purposes.
Status:	The Notes will be direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Company and (subject as provided above) rank, and will rank, *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge:	The terms of the Notes contain a negative pledge provision binding on the Company and its subsidiaries as further described in Condition 4.1.
Other covenants:	The terms of the Notes contain certain other covenants (including in relation to the delivery of the Company's annual and interim consolidated financial statements), as further described in Condition 4.
Taxation; Payment of Additional Amounts:	All payments in respect of the Notes by or on behalf of the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 8.2), unless the withholding or deduction of the Taxes is required by law. In that event, the Company will (subject to certain exceptions) pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. Under current Turkish law, withholding tax at the rate of 0 per cent. applies on interest on the Notes. See "*Taxation—Certain Turkish Tax Considerations*". See "*Conditions of the Notes—Condition 8*".
Redemption at the Option of the Issuer:	The Issuer may redeem all (but not some only) of the Notes at any time during the period commencing on (and including) the date falling 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued to the date fixed for redemption and including, if the Step Up Event has occurred, the Step Up Payment. At any time prior to the date falling 90 days prior to the Maturity Date, the Issuer may at its option redeem all (but not some only)

	of the Notes at the Make-Whole Redemption Price (as defined in the Conditions). See "*Conditions of the Notes—Condition 7.2*".
Redemption for Taxation Reasons:	The Notes may be redeemed at the option of the Company in whole, but not in part, at any time (subject to certain conditions), at their principal amount (together with interest accrued to but excluding the date of redemption) and any Step-Up Payment, subject as provided in Condition 12.4, if: (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 18 January 2022, on the next Interest Payment Date, the Company would be required to pay additional amounts as provided or referred to in Condition 8, and (b) the requirement cannot be avoided by the Company taking reasonable measures available to it.
Redemption at the Option of the Holders upon a Change of Control:	If a Change of Control Put Event occurs (as defined in Condition 7.4), each Noteholder will have a right, at such Noteholder's option, to require the Company to redeem in whole (but not in part) such Noteholder's Notes at 101 per cent. of their principal amount together with interest accrued to the date of redemption and any Step-Up Payment, subject as provided in Condition 12.4, as further described in Condition 7.4.
Events of Default:	The Notes will be subject to certain Events of Default, including (among others) non-payment of principal for three Business Days, non-payment of interest for 20 Business Days, (subject to Condition 12.3) failure to perform or observe any of the other obligations in respect of the Notes, cross-acceleration and certain events related to disposals, bankruptcy and insolvency, all as further described in Condition 10. See "*Conditions of the Notes—Condition 10*".
Form and Transfer:	Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Unrestricted Global Certificate in registered form, without interest coupons attached, which will be delivered to a common depositary and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Restricted Global Certificate(s), in registered form, without interest coupons attached, which will be deposited with the custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued in exchange for beneficial

	interests in the Global Certificates. See "*Conditions of the Notes—Condition 2*".
	Interests in the Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg, in the case of the Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes.
Denominations:	Notes will be issued in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.
Governing Law:	The Notes, the Agency Agreement, the Deed of Covenant and the Deed Poll and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement, the Deed of Covenant or the Deed Poll, as the case may be, will be governed by, and construed in accordance with, English law.
Listing:	Application has been made to the Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market; however, no assurance can be given that such applications will be accepted.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any US person (as defined in Regulation S under the Securities Act) except to persons reasonably believed to be QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) are also subject to restrictions in Turkey, the EEA, the UK, the Republic of Italy, Singapore and Hong Kong. See "*Selling Restrictions*".
Risk Factors:	For a discussion of certain risk factors relating to the Group, Turkey and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "*Risk Factors*".
Issue Price:	98.526 per cent. of the principal amount.
Yield:	4.750 per cent. per annum.
Regulation S Notes Security Codes:	ISIN: XS2434515313. Common Code: 243451531.
Rule 144A Notes Security Codes:	ISIN: US1912ERAA89. CUSIP: 1912ER AA8.
Representation of Noteholders:	There will be no trustee.

Expected Rating(s):	"BBB-" by S&P and "BBB-" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of the Notes could adversely affect the price that a purchaser would be willing to pay for the Notes. As of the date of this Prospectus, Fitch is established in the UK and registered under the UK CRA Regulation. The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the CRA Regulation. S&P is established in the EEA and registered under the CRA Regulation.
Joint Bookrunners:	HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International MUFG Securities EMEA plc
Fiscal Agent, Paying Agent and Transfer Agent:	Citibank, N.A., London Branch
Registrar:	Citibank Europe plc

RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Prospectus. In addition to the other information in this Prospectus, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. If any of the following risks actually occurs, the market value of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. The Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Company makes no representation that the statements below regarding the risks of holding any Notes are exhaustive.

Risks Related to the Group's Business

The ongoing COVID-19 pandemic has negatively affected, and may continue to negatively affect, the Group.

The ongoing coronavirus ("COVID-19") pandemic has caused significant disruption in global and national economies and financial markets. Within the jurisdictions in which the Group operates, the spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reductions in business activity and financial transactions, labour shortages, supply chain interruptions and overall economic and financial market instability.

The public health crisis caused by COVID-19, as well as measures taken in response to contain or mitigate the pandemic, have had, and the Group expects will continue to have, certain negative impacts on its business including, without limitation:

- Sales of the Group's products have been significantly impacted by the implementation of social distancing and lockdown measures in most of its markets. Any future outbreak or recurrence of COVID-19 cases in those of the Group's markets that are currently in the process of easing social distancing and lockdown measures may similarly result in the re-implementation of such measures and a further negative impact on the Group's sales. Furthermore, if the COVID-19 pandemic intensifies and expands geographically or in duration, the negative impact on the Group's sales could be more prolonged and may become more severe.

- The Group may experience disruption to its ability to operate its production facilities or distribution operations as a result of regulatory restrictions, safety protocols, social distancing requirements and staff shortages, heightened sanitation measures. Any sustained interruption in the Group's operations or its business partners' operations, distribution network or supply chain, or any shortage of staff, raw materials or other supplies could impact the Group's ability to manufacture, distribute or sell its products or may result in an increase in its production and distribution costs.

- Consumption of the Group's products is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income. Deteriorating economic and political conditions in many of the Group's major markets affected by COVID-19, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, could cause a further decrease in demand for the Group's products. Furthermore, even as governmental restrictions are lifted and economies gradually reopen in many of the Group's major markets, the ongoing economic impacts and health concerns associated with COVID-19 may continue to affect consumer behaviour, spending levels and consumption preferences.

- The impact of the COVID-19 pandemic on global economic conditions has impacted and may continue to impact the proper functioning of financial and capital markets, as well as foreign currency exchange rates, commodity and energy prices and interest rates. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Group's ability to access, or costs of, capital or borrowings, its business, its liquidity, its credit ratings, results of operations and financial condition.
- Compliance with governmental measures imposed in response to COVID-19 has caused and may continue to cause the Group to incur additional costs, and any inability to comply with such measures could subject the Group to restrictions on its business activities, fines, and other penalties, any of which could adversely affect its business. In addition, responses to the COVID-19 pandemic may result in both short-term and long-term changes to financial and tax policies in impacted jurisdictions, including increases in tax rates.

Any of the negative effects of the COVID-19 pandemic, including those described above, alone or in combination with others, may have a material adverse effect on the Group's business, financial condition and results of operations. The full extent to which the COVID-19 pandemic will negatively affect the Group's business, financial condition and results of operations will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the impact of any new variants of the virus, and actions taken by governmental authorities and other third parties in response to the pandemic.

The Group's bottlers' agreements with TCCC are critical to the Group's business.

The Group's principal business is to prepare, package, sell and distribute TCCC's trademarked beverages pursuant to standard bottlers' agreements with TCCC covering each of its territories. The trademarked beverages of TCCC represent substantially all of the Group's sales. As such, the Group's bottlers' agreements with TCCC are critical to the Group's business. The Group's business relationship with TCCC is mainly governed by the bottlers' agreements. The bottlers' agreements limit the Group's ability to export products to another territory without TCCC's prior approval. This could constrain the Group's growth, if, for example, it were to experience unexpected capacity constraints in a territory and TCCC did not approve the export of products to ease the constraint, either in a timely manner or at all.

The Group enters into separate bottlers' agreements with TCCC for each of its markets. Each of the bottlers' agreements has a fixed initial term, with agreements for 10 of the Group's markets expiring on 31 December 2027 unless they are renewed. The bottlers' agreement for Uzbekistan expired on 31 December 2021. The Company expects to sign an agreement with TCCC to extend it through 31 December 2026, with an option to further extend through 31 December 2031.These agreements may be renewed at TCCC's discretion. Accordingly, the Group's business is dependent on TCCC's willingness to renew the bottlers' agreements when they expire. In addition, TCCC has the right to terminate the bottlers' agreements upon the occurrence of certain events. See "*The Group and Its Business—Business Overview—Relationship with TCCC*". If TCCC exercises its right to terminate the bottlers' agreements upon the occurrence of certain events, or, if upon expiration, TCCC is unwilling to renew these agreements, or if TCCC is unwilling to renew the bottlers' agreements for a specific country/market upon expiry on terms at least as favourable to the Group as the current terms, or TCCC does not give its consent for product exports to other of the Group's markets in certain circumstances, either in a timely manner or at all, the Group could be unable to sell its products, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's bottlers' agreements with TCCC restrict sources of supply for some raw materials, which could increase the Group's costs and otherwise restrict its operations.

The Group's bottlers' agreements govern the purchase of concentrate, which represents one of the most significant raw materials costs for the Group's business. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. If the Group is not willing to accept revised payment conditions for Coca-Cola concentrate, the bottlers' agreement automatically terminates three months after the Group notifies TCCC of its disagreement. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. However, there can be no assurance that TCCC will continue this practice in the future. TCCC has other important rights under the bottlers' agreements, including the right to approve suppliers of certain packaging and other raw materials. There can be no assurance that TCCC's objectives with the exercise of its rights under the bottlers' agreements will in all cases be fully aligned with the Group's business objectives. TCCC's right to set concentrate prices could give TCCC influence over the Group's results of operations and thus have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is reliant on TCCC to protect the trademarks of TCCC's products.

TCCC owns or has rights to the trademarks of all of TCCC's products it has authorised the Group to prepare, package, distribute and sell in its territories. The Group relies on TCCC to protect TCCC's trademarks in the countries where the Group operates. Moreover, some of the countries in which the Group operates offer less effective intellectual property protection than may be available in other jurisdictions. If TCCC is unable, unwilling or neglects to protect its intellectual property, and particularly in the Group's territories, any infringement or misappropriation could undermine the competitive position of TCCC's products and therefore materially harm the Group's business. In addition, if the relevance and attractiveness of TCCC's brands are diminished, there is a risk that significant growth opportunities may not be realized. Any failure of TCCC to protect its intellectual property could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's success depends in part on TCCC's success in marketing activities.

The Group derives substantially all of its net revenue from the production, sale and distribution of the trademarked beverages of TCCC. TCCC owns the trademarks of these products and has primary responsibility for consumer marketing and brand promotion, with the Group primarily responsible for in-store promotions, brand activation and other below-the-line marketing activities. The profitable growth of TCCC's brands that the Group is authorised to to prepare, package, distribute and sell depends in part on TCCC's consumer marketing activities, including TCCC's discretionary contributions to the Group's annual marketing plan, and the Group may have no control over the marketing strategy and activities of TCCC. If TCCC were to reduce its marketing activities, the level of its contributions to the Group's annual marketing plan or its commitment to the development or acquisition of new products, particularly new still and water beverages, these reductions could lead to decreased consumption of trademarked beverages of TCCC or shifts in the product mix in the countries in which the Group operates. This could, in turn, lead to a decline in the Group's share of the market and sales volume, and thus have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's reputation and those of TCCC and its brands are critical to the Group's business

The Group's results of operations depend on maintaining a positive brand image for its products with customers and consumers. Any negative incident that affects consumer loyalty to the brand could significantly reduce its value and damage the Group's business.

The Group may be adversely affected by any negative publicity, regardless of its accuracy, including without limitation, with respect to:

- food safety concerns, including food tampering or contamination;
- incidents of food-borne illness;
- the quality of the ingredients the Group uses;
- employee or customer injury;
- security breaches of confidential customer or employee information;
- employment-related claims relating to alleged employment discrimination, wage and hour violations;
- labour standards or healthcare and benefit issues; or
- TCCC's brands being affected globally for reasons outside of the Group's control.

While the Group tries to ensure that its suppliers and distributors maintain the reputation of TCCC's brand and the quality of TCCC branded products, suppliers or distributors may take actions that adversely affect the Group's reputation. In addition, through the increased use of social media, individuals and non-governmental organisations have the ability to disseminate their opinions regarding the safety or healthiness of the Group's products, and the Group's business, to an increasingly wide audience at a faster pace. Any failure to effectively respond to any negative opinions in a timely manner could harm the perception of TCCC's brands and the Group's products and damage the Group's reputation, regardless of the validity of the statements, which could in turn adversely affect the Group's business, financial condition and results of operations.

Economic conditions in Turkey and other countries in which the Group operates and global economic conditions can affect demand for, and sales volumes and prices of, the Group's products.

Economic conditions, including slowing or negative GDP growth, inflation and declining GDP per capita and disposable income, in Turkey and other markets in which the Group operates can have a material impact on the Group's sales and profitability. Soft drinks consumption is closely linked to general economic conditions. Economic conditions can be impacted by a number of factors, including volatility in global financial markets, higher interest rates, inflation, unemployment rates, volatility in exchange rates, trade policy and conflicts, consumer confidence, lower corporate earnings, tighter credit conditions and both public and private debt levels. Furthermore, geopolitical tensions, terrorism, natural catastrophes, epidemics and/or pandemics, such as the COVID-19 pandemic, or other unforeseen events may lead to declines in demand for the Group's services and lower revenue for the Group including as a result of unexpected, short-term responses from governments in the markets in which the Group operates.

In general, soft drinks consumption levels tend to rise or fall in accordance with moves in per capita income, per capita disposable income and the perception of economic conditions and prospects. Disposable income levels in many of the countries in which the Group operates are lower than average disposable income levels in more developed economies. Any decrease in disposable income resulting from deteriorating economic conditions, increases in cost of living or taxes, or due to other factors, could adversely affect demand for soft drinks, leading to lower consumption levels, or in some cases, consumption of lower value brands with lower margins for the Group.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for the Group's products. While global economic conditions were broadly conducive to the Group's business until 2020, the positive momentum in the global economy was significantly adversely affected by the COVID-19 pandemic, leaving many countries with challenging mid-term outlooks according to the International Monetary Fund. Adverse economic conditions may reduce general levels of consumption, leading to production overcapacity in the soft drinks industry, which may adversely affect product prices. On the other hand, reduced investment in production capacity may lead to insufficient capacity when demand is high in the industry in general, or for certain producers (such as the Group), who could then be at a disadvantage as compared to their competitors.

From time to time, political and economic relations between and among the countries in which the Group operates and other neighbouring and nearby countries, such as Russia and Germany, may deteriorate, resulting in the imposition of limits on the export or import of certain goods, and declining levels of cross-border trade, travel and investment. Any such deterioration of political or economic relations could adversely impact demand for the Group's products.

Adverse economic conditions, declining disposable income and negative economic expectations can have an adverse effect on consumption levels and prices of the Group's products, while economic cycles may lead to supply and demand imbalances in the countries in which the Group operates and globally. Any or all of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in a number of emerging markets, which exposes it to economic and political risks in these markets.

In addition to its operations in Turkey, the Group has operations in a number of emerging markets in the CIS, including Kazakhstan, Kyrgyzstan, Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan, as well as countries in the Middle East, including Iraq, Jordan and Pakistan, and it has an equity investment, but no assets, in Syria. Operating in these markets exposes the Group to risks greater than those associated with more developed markets. For the nine months ended 30 September 2021 and the year ended 31 December 2020, net revenue generated from international operations accounted for 59 per cent. and 57 per cent., respectively, of the Group's total net revenue. The Group's operations in these markets are subject to the risks of operating in emerging markets, including:

- political, economic and social instability, which could make it difficult for the Group to anticipate future business conditions in these markets;
- uncertainty of local contractual terms and of enforcing terms in disputes before local courts;
- expropriation or nationalisation of property;
- the introduction of exchange controls, changes in regulations on repatriation of dividends and capital and other restrictions by foreign governments;
- currency fluctuations and hyperinflation;
- trade barriers;
- generally, less developed public infrastructure;
- boycotts and embargoes that may be imposed by the international community on countries in which it operates;
- security and terrorist incidents, including civil strife, ethnic conflict, religious and regional tensions, acts of war and insurrection;
- labour unrest;
- difficulties in staffing and managing operations;
- logistical and communication challenges;
- the complexities and uncertainties of complying with local regulatory requirements; and

- incidences of corruption and bribery, and potential violations of applicable laws.

There are also ongoing political and security concerns in Pakistan, Iraq and Syria in particular, and these markets have been characterised by incidents of violence and sectarian conflict. In addition, on 5 January 2022, a state of emergency was declared in Kazakhstan following the eruption of violent protests in response to a rise in gas prices. Additionally, economies in certain jurisdictions in which the Group operates are heavily dependent on prices of raw materials such as oil, which are in themselves subject to significant volatility. In Turkmenistan, the Group has experienced difficulty in converting local currency into US dollars, due to limitations on convertibility. Any or all of these factors could affect the Group's results by causing interruptions to its operations, increasing the costs of operating in those countries or limiting the ability of the Group to extract profits from those countries. Moreover, emerging market economies are often affected by developments in other emerging market countries, and, accordingly, adverse changes in emerging markets elsewhere in the world could have a negative impact on the markets in which the Group operates. Turkey has been adversely affected by such contagion effects on a number of occasions in the past. Any failure by the Group to effectively manage these risks could have a material adverse effect on its business, financial condition and results of operations.

Demand for the Group's products may be adversely affected by changes in consumer preferences.

To generate net revenue and profits, the Group must sell products that appeal to its customers and to consumers generally. Consumer preferences and demand for soft drinks are affected by a variety of factors, including cost, changes in prevailing economic conditions, changes in the demographics of target consumers, changing social trends, well-being and health consciousness and related matters, environmental and social considerations as well as the ability of bottlers to influence consumer preferences and strengthen brand awareness through advertising and marketing. There can be no assurance that the Group will be able to successfully identify and respond to shifting consumer preferences.

The average per capita consumption of soft drinks varies widely across the Group's markets and is lower in many cases than in North American and Western and Central European markets. Management believes there is significant potential to increase sparkling beverage consumption across most of the Group's markets, given the relatively low per capita consumption levels in the Group's markets. However, such growth may not meet the Group's expectations as consumers may prefer alternative types of beverages, such as in Turkey where hot tea and ayran are popular beverages. In addition, in the soft drinks market, particularly in more developed markets but to some extent in Turkey and other emerging markets, there is increasing consumer focus on well-being and health and fitness, as well as concerns about obesity. Although the Group intends to expand its range of products in the still beverages category (which includes juices, waters, sports and energy drinks and RTD ice tea) in its key markets, its revenues continue to depend to a large extent on the sales of sparkling beverages. Moreover, a potential shift in focus to still beverages may lower the Group's profit margins. Sales of sparkling beverages accounted for 82 per cent. of the Group's total sales volume for each of the nine months ended 30 September 2021 and the year ended 31 December 2020. There can be no assurance that demand for soft drinks in its markets will not weaken in the future, or that the Group will be able to respond to changes in consumer preferences.

Significant changes in consumer preferences or the inability of the Group to anticipate, identify or react to such changes could result in reduced demand for its products, and any new products the Group introduces into its markets, including in response to shifting consumer tastes, may not be successful, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces competition in the markets in which it operates and may face increased competition in its markets, including as a result of consolidation in the global beverages industry.

The soft drinks market is highly competitive in each of the countries in which the Group operates. Globally, players in the beverage industry compete mainly on the basis of brand image, price, customer service and distribution networks. The Group's distribution, selling and marketing expenses comprised 80 per cent. and 76 per cent. of its total operating expenses in the nine months ended 30 September 2021 and the year ended 31 December 2020, respectively. The Group competes with, among others, bottlers of other international or domestic brands of soft drinks, some of which are aggressively expanding in certain of the Group's markets. In particular, the Group faces price competition from producers of local soft drink brands, which are typically sold at lower prices than similar products of the Group. In addition, the Group faces price competition from certain large discounters that sell private label products in their outlets at prices that are lower than prices the Group charges. The Group also faces relatively higher price competition in Turkey, as exclusivity arrangements with the Group's retailers in Turkey are prohibited with respect to sparkling beverages. A change in the number of competitors, the level of brand marketing or investment undertaken by its competitors, or other changes in the competitive environment in its markets, may cause a reduction in the consumption of the Group's products and in its market share, and may lead to a decline in its revenues and/or an increase in its marketing or investment expenditures, any of which may materially and adversely affect its business, financial condition and results of operations.

If there is a change in the Group's competitors' pricing policies, an increase in the volume of cheaper competing products imported into the Group's countries or in the introduction of new competing products or brands, including private label brands, and if the Group fails to effectively respond to such changes, the Group may lose customers and market share and/or the implementation of its pricing strategy may be restricted. Any or all of these factors could have a material adverse effect on the Group's business, financial conditions and results of operations.

The Group may be impacted by changes in the availability or price of raw materials and packaging.

A significant portion of the Group's cost of sales relates to raw materials, primarily carbon dioxide, high fructose corn syrup ("HFCS"), concentrate, sugar, cardboard boxes and packaging materials, such as aluminium cans, can ends, returnable and non-returnable glass bottles, polyethylene terephthalate ("PET") resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film. In the nine months ended 30 September 2021 and the year ended 31 December 2020, these costs accounted for 86 per cent. and 84 per cent., respectively, of the Group's cost of sales. Most of these raw materials, which the Group aims to source locally in each of its jurisdictions of operations as much as possible, are either commodities or are sourced from commodities. The supply and price of raw materials and packaging used by the Group can fluctuate widely as a result of a number of factors beyond the Group's control, including crop production levels around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. Consequently, the Group cannot predict the future availability or prices of raw materials required for the production or packaging of its products. Moreover, the prices of these materials are also determined by the relative bargaining power of the suppliers, which can increase through further consolidation of suppliers, thus reducing supply alternatives for the Group.

The Group's results have in the past been negatively impacted by increases in the price of raw materials, particularly sugar, aluminium and PET resin, and there can be no assurance that significant raw material price increases or end-product price increases in the future will not affect the Group's profitability, or that the Group will benefit from significant raw material price declines in the event it has pre-purchased or hedged significant quantities of such raw materials at higher prices. If the Group cannot pass on raw material or packaging price increases to customers, or if sales volumes decrease as a result of higher product prices, the Group's sales and/or profits may decrease, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The prices of sugar, aluminium and PET resin are volatile, which can affect the Group's results of operations.

The Group's raw material requirements include sugar, aluminium and PET resin. The prices of these raw materials are volatile and are affected by numerous factors beyond the Group's control, including, but not limited to:

- international economic and political conditions;
- changes in global supply and demand; and
- actions of participants in the commodities markets.

In Turkey, domestic sugar prices are set by the Turkish Government and, as a result, the Group is required to buy sugar locally, typically at much higher prices than those in the international market generally. The crystal sugar price per ton in Turkey as at 30 September 2021 was approximately US$569 (TRY 4,869). As at 30 September 2021, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented approximately 95 per cent. of the volume of the Group's sweetener purchases for its domestic operations. In Turkey, the Group has historically used HFCS as an alternative to sugar, to the extent permitted by local regulation and availability of HFCS, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices.

The Group uses various tools to hedge its exposure to the cost of raw materials, including fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 100 per cent. of the expected average 2021 sugar price with its suppliers. The Group also used derivative instruments to hedge the prices for approximately 92 per cent. of its aluminium needs and 100 per cent. of its PET resin for 2021. If the markets experience a significant decrease in the prices of sugar or aluminium, the Group could be required to pay more than the market cost for these materials. Moreover, these hedging arrangements expose the Group to the credit risk of its counterparties and limit its upside when the price of sugar or aluminium decreases, at least for the part of its raw materials needs that are hedged. Furthermore, in the future, the Group may not be able to secure hedging arrangements at acceptable costs and other terms, or at all, which could negatively impact its cost of sales, if such costs were to rise.

In recent years, market prices for sugar, aluminium and PET resin have fluctuated significantly. Average LIFFE No5 sugar prices per ton (which are relevant for the Group's international sugar needs) were US$344 in 2018, decreasing to US$333 in 2019 and then increasing to US$376 in 2020. Average aluminium and PET resin prices similarly fluctuated between 2018 to 2020. Average London Metal Exchange prices per ton for aluminium were US$2,110 in 2018, US$1,1792 in 2019,US$1,702 in 2020, and US$2,647 in 2021, while average resin prices were US$1,270 in 2018, US$972 in 2019 and US$717 in 2020. In Pakistan, there is one TCCC-approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 11.96 per cent. custom duty (including duty and other custom charges) and any such duty could impact CCI Pakistan's and the Group's margins. There can be no assurance that prices of sugar, aluminium or PET resin will not increase, or the extent of the increase if they do. A significant increase in sugar, aluminium or PET resin prices would increase the Group's cost of sales, which in turn could have a material adverse effect on its business, financial condition and results of operations.

Weather conditions and climate change may have an adverse impact on the Group's business and results of operations.

Demand for the Group's products may be affected by adverse weather conditions. The Group experiences the strongest demand for its products when temperatures rise and particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the spring or summer months, can adversely affect sales volumes. Climate change due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and result in an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability, or increase the cost, of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus and tea, which are important sources of ingredients for the Group's products. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit the water available for the Group's operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt the Group's supply chain or impact demand for the Group's products. As a result, adverse weather conditions and the effects of climate change could have an adverse impact on the Group's business, financial condition and results of operations, and, in the case of the effects of climate change, this may be a long-term adverse impact.

The Group relies on a limited number of suppliers for certain raw materials and packaging materials used in the production of its products.

The Group relies on a limited number of TCCC-approved third party suppliers in each of its territories for certain key raw materials and packaging materials for its soft drinks, including concentrate, sugar and sweetener and packaging (principally bottles and cans). Key suppliers of the Group's raw materials and packaging products are highly consolidated, and in certain of its markets, the Group only has a single supplier for key raw materials such as sugar. In addition, there can be no assurance that additional consolidation will not occur in the future, which could further reduce the number of suppliers available to the Group and increase the relative bargaining power of such suppliers (and potentially increase the prices the Group pays). Any interruptions in the operations of the Group's suppliers or any failure of such suppliers to maintain their production volumes could result in production delays, increased production costs, reductions in shipment volumes or delays in product shipments, or require the Group to make purchases from alternative suppliers at potentially higher prices, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Interruptions in supply or significant increases in the prices of water and energy can affect the Group's operating and financial performance.

The Group's production of soft drinks requires the consumption of large amounts of water. Changes in precipitation patterns and other weather events may affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the Group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation may result in increases to the Group's manufacturing costs. In Turkey, for example, a consolidated water use and water management law is being discussed that could introduce charges for the commercial use of water.

Furthermore, interruptions in the supply of energy or significant increases in energy prices could also have an adverse effect on the Group's operating and financial performance. The Group uses substantial amounts of electricity, natural gas and other energy sources to operate its bottling plants and, in some of its markets, to operate fleets of motor vehicles. Energy prices have been subject to significant price volatility in the past. For instance, due to the distorting effect of the Covid-19 pandemic and its effect on the supply and demand balance, energy prices were highly volatile in 2021, and they may be subject to similar volatility in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain jurisdictions, may have an adverse effect on the Group's operating income and profitability in certain markets.

There can be no assurance that the Group will be able to pass on price increases of water or energy to consumers through end-product pricing. Any stoppage, scarcity or interruption in water or energy supplies, or material increases in the price of water or energy, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group depends on independent dealers and distributors to sell its products.

The Group principally uses exclusive independent dealers and distributors to sell and distribute its products to outlets and to retailers, including supermarkets, kiosks and restaurants. In particular, the Group sells the majority of its products to third party dealers and distributors in its key markets of Turkey and Pakistan. In both of these countries, third party dealers and distributors can act on an exclusive basis with respect to the Group's products, while in Turkey exclusivity arrangements with the Group's retailers are prohibited with respect to sparkling beverages. The Group makes certain investments of time and money in developing its relationships with its exclusive dealers and distributors, including providing extensive training in marketing, sales and finance, process improvement workshops and IT infrastructure support and hosting annual distributors' meetings. Poor performance by a dealer or distributor, and the Group's inability to find a suitable replacement, either in a timely manner or at all, could lead to the loss of the time and money expended by the Group and disruption to its distribution network in the relevant territory, which could have an adverse effect on its business, financial condition and results of operations.

In addition, in certain markets, the Group relies on a single distributor to distribute the significant majority of its products. Any interruptions in the operations of the Group's distributors or any failure of such distributors to maintain their distribution volumes could result in distribution delays, increased distribution costs or delays in product shipments, or require the Group to arrange for distribution through alternative distributors on delayed timetables and at potentially higher prices, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Certain of the Group's operations are conducted through affiliates and ventures with shared control.

Certain of the Group's operations are currently conducted through affiliates, ventures with shared control or other arrangements with other shareholders regarding control or management of subsidiaries, and the Group may enter into further similar arrangements in the future. The Group has shared control in certain of its ventures, including CCI Syria, while in certain other subsidiaries, such as CCI Pakistan, and Turkmenistan Coca-Cola Bottlers ("CCI Turkmenistan"), the Group has entered into arrangements that involve strategic partners who have substantial shareholdings and certain minority rights. Accordingly, the Group's ability to exercise control over these operations is limited to varying degrees and the success of such affiliates, ventures or subsidiaries may depend in part on co-operation between the Group and the other shareholders and the satisfactory performance by such shareholders of their respective obligations. While the Group considers its current relationships with other shareholders and partners to be successful, there can be no assurance that this will continue to be the case. In addition, there can be no assurance that the Group will otherwise be able to maintain its current relationships or establish new relationships with partners in the future. Any disputes, deadlocks or litigation with strategic partners or any other failure to establish or maintain successful relationships with such partners could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to successfully carry out further acquisitions and business integrations.

The Group has made in the past, and may make in the future, acquisitions of or investments in other companies and businesses. For instance, on 29 September 2021, the Group acquired a 57.12 per cent. shareholding in CCBU for approximately US$252 million, and it acquired the remaining shareholding in CCBU on 27 December 2021 for US$90 million. It also acquired a 19.97 per cent. stake in Waha Beverages B.V. ("Waha BV") in 2021 for US$40.4 million. The Group seeks to successfully integrate acquired businesses or operations in an efficient and effective manner. However, its ability to do so is subject to a number of uncertainties, including:

- the incurrence of unanticipated expenses;
- the failure to realise anticipated synergies or a delay in realising such synergies; and
- the diversion of management's attention from other business concerns and potential disruption to the Group's ongoing business.

In addition, the Group's ability to execute further acquisitions or investments is subject to a number of risks, including:

- it may not be able to identify suitable targets or acquire businesses or operations on suitable terms;
- the price it pays may prove to be too high as a result of various factors, including a significant change in market conditions, limited opportunity to conduct due diligence or an unexpected change in the acquired business;
- it may experience competition for targets, which could result in decreased availability of suitable targets or could increase the price the Group would have to pay for such targets;
- it may experience difficulties in the execution of acquisitions, as a result of legal, financial and antitrust factors, among others; and
- it may not have the necessary financial resources or may not be able to obtain the necessary financing, on commercially acceptable terms or at all, to finance such acquisitions.

Such transactions may also involve the assumption of certain actual or potential, known or unknown, liabilities that could have an impact on the Group's financial risk profile. No assurance can be made that the Group will be able to successfully carry out further acquisitions, investments and business integrations. Any failure to successfully acquire or integrate a business, or the acquisition of a business with risks or liabilities that the Group was unaware of, could have a material adverse effect on the Group's business, financial condition and results of operations.

Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business.

Taxation on the Group's beverages in the countries in which it operates comprises different taxes specific to the Group's products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as value added tax ("VAT"). In certain jurisdictions, such as Turkey (only for cola drinks), Pakistan and Jordan (for sparkling beverages) and Tajikistan, such excise and other indirect taxes increase the price of soft drinks charged to customers. In addition, in Turkey, an excise tax of 10 per cent. applies to all carbonated and non-carbonated soft drinks except cola. The excise tax on cola drinks is now 35 per cent., after a 10 per cent. hike in 2020 during the pandemic. Currently, no excise tax applies in Turkey to 100 per cent. juice and still or mineral water. In Pakistan, an excise tax of 13 per cent. applies to the sales of sparkling beverages, in addition to VAT. In Jordan, an excise tax of 15 per cent. applies to sales of carbonated products only. In Tajikistan, a 0.02 Euro excise tax per litre applies to still and carbonated soft drinks and a 0.03 Euro excise tax applies to tea.

In Kazakhstan, the Ministry of Health has proposed an excise tax on sugar-containing beverages from 2023, as a part of the "Healthy Nation" national programme. The programme was signed by the president of Kazakhstan in November 2021 as an intention for an enactment. The type of tax, rate and scope have not yet been determined, and tax authorities are currently working on the format of the tax. In the first draft of the legislation, a per-litre tax of 5 tenge, 10 tenge or 15 tenge has been proposed. There is also no legal definition of "sugar-containing beverages" in Kazakhstan legislation. Health taxes or sugar taxes are currently under discussion in several other jurisdictions in which the Group operates, although no jurisdiction where the Group currently operates has introduced de facto "sugar" taxes. The Pakistan Ministry of Health has proposed a sugar tax, and this could result in US$21 million in additional sales taxes for the Group over the next six months, if it is implemented. There can be no assurance that the jurisdictions in which the Group operates will not introduce similar taxation policies which could have an adverse effect on the cost of raw materials or goods sold and may adversely affect the Group's business, financial condition, and results of operations.

Increases in excise and other indirect taxes, applicable to the Group's products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging consumers to switch to other categories of beverages. These increases can also adversely affect the affordability of the Group's products and its profitability. On the other hand, in certain jurisdictions the Group may benefit from certain exemptions from specific taxes, such as corporate income tax, or other taxes or duties, which may expire or be revoked earlier than prescribed.

There can be no assurance that the Group's operations will not become subject to increased taxation by national, local or other authorities, that certain tax exemptions currently enjoyed by the Group will not expire or be revoked, or that the Group will be able to pass any tax increase on to its customers and/or consumers. Changes in corporate income tax rates would also adversely affect the Group's cash flow. Adverse changes in taxation, whether on the Group's products or otherwise affecting its operations, could have a material adverse effect on the Group's business, financial condition and results of operations.

There may be additional charges on manufacturers and other private stakeholders to finance capital expenditures as a result of deposit return scheme legislation.

The collection and return rates for used packaging, such as bottles, in many of the jurisdictions in which the Group operates are considerably lower than return rates for more developed countries. However, there is an increasing awareness of waste management issues, as well as the country-specific environmental pledges. In response to this, certain jurisdictions are proposing and enacting legislation such as deposit return schemes ("DRS"), pursuant to which bottle deposit and return schemes are being set up. These schemes can act as taxes and quasi-tax financial liabilities for manufacturers of relevant products, such as the Group or otherwise require manufacturers and other private stakeholders to incur additional costs to finance capital expenditures as a result of DRS legislation. For instance, the newly established Turkish Environment Agency, a subsidiary of the Ministry of Environment, Urban Planning and Climate Change, is currently putting a DRS in place, although deposit fees are currently unclear. The implementation of a DRS could result in additional expenditure for the Group, and therefore have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations may be limited by anti-trust regulations.

The Group has leading positions in several of its markets for certain soft drinks, including in Turkey, Kazakhstan and Azerbaijan, and therefore there may be restrictions on how the Group can grow and conduct its operations in these markets. In particular, because of the Group's leading market share in certain of these jurisdictions, any future acquisitions in the relevant product markets by the Group may be subject to closer scrutiny by the relevant anti-trust authorities in these markets, which may conclude that such acquisitions would restrict actual or potential competition in a given market and prohibit such acquisition. Moreover, there can be no assurance that the Group's current market share in certain jurisdictions will not result in the initiation of proceedings or investigations by the relevant authorities for alleged breaches of anti-monopoly laws and regulations. For instance, in 2020, the Turkish Competition Authority initiated a competition investigation of the Group. The investigation closed after the Group committed to change its market practices to eliminate the competitive concerns that were raised in the investigation. The Group's commitments include refraining from working exclusively in any category other than public tenders, increasing the cooler space reserved for competitors from 20 per cent. to 25 per cent., and, subject to certain exceptions, agreeing not to enter contracts for more than two years for on-premise customers. Any decision by the relevant anti-trust authorities to restrict the Group's ability to expand through acquisitions or to impose fines or other sanctions as a result of the Group's market position and practices could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to currency exchange rate risk.

The Company presents its consolidated financial statements in Turkish Lira, which is the functional currency of the Company and its Turkish subsidiaries. Subsidiaries and joint ventures outside Turkey historically used the US dollar as their functional currency, except for CCI Pakistan, which used the Pakistan Rupee as its functional currency. With effect from 1 January 2017, the Group changed the functional currency of its foreign subsidiaries and joint ventures to the relevant local currency, in order to better reflect the currency of the primary economic environment for the relevant operations, as well as the currency that influences sales prices, in which receipts from operating activities are retained and that influences costs and other expenses. See note 2 of the Q3 2021 Reviewed Interim Financial Statements for information about the functional currency of certain of the Group's subsidiaries and joint ventures. The results of operations of those subsidiaries and joint ventures whose functional currency is not the Turkish Lira are translated into Turkish Lira at the applicable exchange rate for inclusion in the Group's consolidated financial statements.

In addition, although the Group incurs its capital and operating expenses and derives its revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are denominated in US dollars, Euros, Turkish Lira, Kazakh Tenge and Pakistani Rupee. As at 30 September 2021, 77 per cent., 8 per cent. and 2 per cent. of the Group's long-term borrowings (including the current portion thereof) were denominated in US dollars, Euros and Kazakh Tenge, respectively. Moreover, 8 per cent. and 2 per cent. of the Group's short-term borrowings (excluding the current portion long-term borrowings) were denominated in Turkish Lira and Pakistan Rupees, respectively, while 1 per cent. and 1 per cent. of such short-term borrowings were denominated in Kazakh Tenge and Euro, respectively.

The local currencies in which the Group derives its revenues have historically been volatile and fluctuated widely against the Turkish Lira and US dollar. The Group also sources raw materials, including carbon dioxide, HFCS, concentrate, sugar, cardboard boxes and packaging materials, such as aluminium cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film, locally in each of its jurisdictions of operations as much as possible. The price of these raw materials can fluctuate widely as a result of currency fluctuations which are beyond the Group's control. See "*—The Group may be impacted by changes in the availability or price of raw materials and packaging*".

The Turkish Lira has demonstrated a significant degree of volatility in recent years, with particularly sharp depreciation, which has increased the foreign currency risk for the Group. In particular, the value of the Turkish Lira has depreciated against major currencies in recent years due to factors, including increased risk perception in global markets regarding the market's expectation of the US Federal Reserve's increase of the US federal funds rate, and investors' perception of the Turkish political and economic environment. For further discussion on the volatility of the Turkish Lira exchange rate, see "*—The Turkish foreign exchange markets have historically been volatile, which could adversely affect Turkey's general economy as well as the Group's business, financial condition and results of operations*". Further macroeconomic uncertainties may result in future volatility in the value of the Turkish Lira, which could in turn adversely affect the Group. Any significant further depreciation of the Turkish Lira against the US dollar or other major currencies may adversely affect the financial condition of Turkey as a whole, and could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group principally relies on natural hedges to protect itself from foreign currency exchange risk that arises from foreign currency denominated revenues and expenses in the different jurisdictions in which it operates, as well as by holding a portion of its cash in US dollars. The non-cash translation effect resulting from the fluctuations in the exchange rate between the Turkish Lira and the relevant functional currencies of Group members, which have historically been volatile, can have a material adverse effect on the Group's consolidated results of operations and financial condition.

The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes.

The Company's largest shareholder is Anadolu Efes, which holds 50 per cent. of the Company's outstanding share capital. The Özilhan and Yazıcı families directly and indirectly together hold 43 per cent. of the outstanding share capital of Anadolu Efes and Anheuser Bush InBev SA/NV, which holds 24 per cent. of Anadolu Efes' share capital. Anadolu Efes, and thus ultimately the Özilhan and Yazıcı families, therefore, has significant influence over the Group's business and operations, matters decided by the board of directors (the current Chairman is a member of the Özilhan family), as well as the outcome of all or substantially all matters decided by a vote of shareholders, including the election of directors and approving mergers or sales of the Group's assets. Furthermore, TCCC holds 20 per cent. of the Company's outstanding share capital (through TCCEC). It is possible that the interests of Anadolu Efes, and of TCCC as a minority shareholder, may not coincide, or may conflict, with the interests of the holders of the Notes. See Note 24 of the Q3 2021 Reviewed Interim Financial Statements for information about related party transactions and "*The Group and Its Business—Business Overview—Relationship with TCCC*" and "*Management—Certain Arrangements with TCCC*" for information about certain corporate governance and other matters related to the Group's relationship with TCCC.

If any of the Group's products are found to contain contaminants, the Group may be subject to product recalls or other liabilities which could cause it to incur significant additional costs.

The Group prepares and packages beverage products that are subject to contamination risks throughout the production process. While the Group takes precautions to ensure that its beverage products are free from contaminants, including quality-control programmes for primary materials, the production process and the Group's final products, and the Group has established procedures to correct any problems that are detected, there can be no assurance that these quality control programmes and remediation procedures will be effective. Although the Group has not had any material problems in the past with contamination of any of its products, if contamination does occur, it may lead to an interruption of the Group's business, product recalls or liability, as well as damage to the Group's reputation. While the Group maintains product liability, product recall and pollution liability insurance coverage, any losses it suffers for which it is not insured could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's costs of compliance with health, safety and environmental laws may increase and failure to comply with existing and new health, safety and environmental laws could adversely affect its results of operations

The Group's operations are subject to health, safety and environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, handling and storage of food products, waste management, obligations in relation to water, wastewater disposal, packaging waste, greenhouse gas and air emissions, occupational health and safety incidents, accidents, illnesses and emergency preparedness.

Health, safety and environmental regulations in the countries where the Group operates may become more stringent, and the scope and extent of new regulations, and their effect on the Group's operations, cannot be predicted with any certainty. If there is any change in health, safety or environmental regulations, the Group may be required to incur significant costs to comply with new standards. The Group could also be subject to substantial liability and other regulatory consequences if a health or environmental hazard was discovered at any of the Group's sites, or if any of the Group's operations result in contamination of the environment.

Failure by the Group to comply with existing and new regulations in respect of its operations may result in fines, penalties, closure of facilities and/or litigation which could adversely affect the Group's business, results of operations and financial condition.

Failure to meet the Group's stakeholders' expectations in relation to the Group's sustainability agenda, particularly in relation to post-consumer packaging waste and packaging waste recovery and recycling could adversely affect its results of operations

Increasing regulations, increasing costs due to mandatory government recycling/recovery programmes coupled with immature recycling infrastructure in the jurisdictions in which the Group operates, increasing taxes and threats to the Group's reputation within the jurisdictions in which it operates may have an adverse effect on the Group's ability to meet stakeholders' expectations in relation to the Group's sustainability agenda, including in particular for single-use packaging, the use of sustainable packaging products and for post-consumer packaging waste recovery. The environmental impact of post-consumer packaging waste has been gradually growing over the last few decades and has become more pronounced in the last several years. Increasing local and global activism against the generation of post-consumer packaging waste from the Group's products may affect the sales of the Group's products and, in turn, the revenue generated from the Group's products which may have a material adverse effect on the Group's business, financial condition and results of operations.

A number of the Group's production facilities in Turkey are located in high-risk earthquake zones.

Almost 45 per cent. of Turkey's population, and most of its economic resources, are located in a first degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes) and a number of the Group's properties in Turkey are located in high-risk earthquake zones. On 21 July 2017, an earthquake measuring 6.3 on the Richter scale struck the eastern province of Muğla causing loss of life and property damage. More recently, on 24 January 2020, an earthquake measuring 6.7 on the Richter scale struck the eastern provinces of Elâzığ and Malatya. On 30 October 2020, the western province of Izmir was hit by an earthquake measuring 7.0 on the Richter scale, causing significant property damage and loss of life.

The Group's Istanbul headquarters and its production facilities in Bursa and Kemalpaşa are located in first degree earthquake risk zones, its Çorlu and Mersin production facilities are located in third degree earthquake risk zones and its Ankara production facility is located in a fourth degree earthquake risk zone. Although the Group maintains earthquake insurance, business interruption insurance and insurance for loss of profits, there can be no assurance that it will be able to fully enforce its rights under these policies. A severe earthquake could adversely affect one or more of the Group's facilities, causing an interruption in, and an adverse effect on, its business. In addition, a severe earthquake could severely harm the Turkish economy in general, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to operational risks, including mechanical and technical failures that could adversely affect its business.

The Group is exposed to operational risks, including the risk of unanticipated equipment breakdown or failure at its production facilities, which could cause interruptions in production or a process shutdown while repairs are carried out. Interruptions in production or process shutdowns (which could be followed by delays in restarting the production process) could reduce the Group's production volumes. The Group could also be subject to interruptions in production or the loss of inventory as a result of catastrophic events such as fires, explosions or natural disasters such as earthquakes, as further described in "*—A number of the Group's production facilities in Turkey are located in high-risk earthquake zones*". Moreover, the Group is increasingly reliant on its information technology and systems, as it maintains operations in multiple markets, and such systems may be vulnerable to operational or security challenges such as telecommunications failures, interruptions and security breaches. While the Group maintains insurance coverage for a number of risks, any interruptions in the Group's production capacity, loss of inventory or interference with its information technology and systems may require the Group to incur significant expenses to remedy the situation, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group intends to make capital investments in its operations, and delays in its capital projects or higher than expected costs could adversely affect the Group's business.

The Group plans to make capital investments in its operations, including to expand its overall capacity and address potential capacity constraints especially in Pakistan, and also in Turkey, Kazakhstan, Southern Iraq, Azerbaijan and Uzbekistan, where its plants currently operate near optimal utilization.

The Group estimates that a greenfield plant takes approximately 18 months to construct, while a new filling line takes between 12 to 18 months to construct, depending on the type of line. Some of its projects may require greater investment than currently anticipated or may take longer to complete than anticipated, which could constrain the Group's growth plans. There can be no assurance that the Group will not suffer delays in expanding its capacity that its projects may require greater investment than anticipated or that it will be able to generate sufficient cash flow to fund its projects, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations are subject to a number of regulatory requirements, including environmental and health and safety regulations. Changes in the regulatory environment may cause the Group to incur liabilities or additional costs or limit its business activities.

As with other participants in the beverage industry in Turkey and other countries, the Group's business is subject to certain regulatory requirements, including rules and regulations relating to production, distribution, food safety, health and safety at work and environmental matters. These laws can impose liability for non-compliance, are increasingly stringent and may in the future create compliance liabilities and costs for the Group.

Environmental laws and regulations in the countries in which the Group operates relate to a number of matters, including the emission of gas and liquid effluents, waste management and obligations in relation to packaging waste. More restrictive environmental legislation, as well as the Group's own commitment to sustainability and environmental responsibility, might require increased investment in water and energy conservation or other technologies, which could result in increased capital expenditure, greater operating costs or both. Changes in the regulatory environment, including more restrictive regulations or higher taxes, could lead to an increase in prices (which could adversely affect the sale and consumption of the Group's products), capital expenditures or operating costs and could therefore have a material adverse effect on the Group's business, financial condition and results of operations. In addition, the Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders, as well as potential clean-up liability, any of which could result in the closure or temporary suspension of, or adverse restrictions on, the Group's operations. The Group may also become involved in proceedings with various environmental authorities that may result in the Group being required to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. Third parties may also sue the Group for damages and costs resulting from environmental issues.

Furthermore, increasing concerns over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. Increased energy or compliance costs and expenses due to increased legal or regulatory requirements may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of the Group's products. In addition, various entities around the world are considering regulatory proposals relating to requirements on products and their packaging. These regulations and policies, whatever their scope or form, could increase the cost of the Group's inputs or products, or otherwise put the Group at a competitive disadvantage.

Changes in applicable laws or regulations or evolving interpretations thereof, including increased or additional regulations regarding carbon or plastic, may result in increased compliance costs, capital expenditures and other financial obligations for the Group. Any of the foregoing could impact the Group's profitability or could impede the production, distribution, marketing and sale of the Group's products, which could materially adversely affect the Group's business, financial condition and results of operations.

If the Group fails to comply with personal data protection laws, it could be subject to adverse publicity, regulatory action and/or private litigation.

In the ordinary course of the Group's business, it receives, processes, transmits and stores personal data which is defined as information relating to identified or identifiable individuals, such as employees, real person dealers and distributors. As a Turkish company processing personal data obtained from Turkey, the Group is subject to the Personal Data Protection Law No. 6698 (the "Turkish DPL"), which is modelled on the European Union Data Protection Directive 95/46/EC. The Turkish DPL, as well as any other changes to related legislation and the introduction of such related legislation have subjected and may continue in the future to subject the Group to, among other things, additional costs and expenses and has required and may in the future require costly changes to the Group's business practices and security systems, policies, procedures and practices. Improper disclosure of personal data in violation of the Turkish DPL could harm the Group's reputation, subject it to administrative fines or result in private litigation against the Group, which could negatively affect its business, financial condition and results of operations.

The Group may be subject to, or impacted by, litigation or other legal proceedings (civil, tax, administrative or otherwise).

In the ordinary course of its business, the Group is subject to legal claims and proceedings. For instance, as of 30 September 2021, CCI Pakistan has been involved in tax litigations. If determined adversely to the Group, management estimates that the maximum liability could be up to US$37.2 million. In addition, tax authorities in Pakistan are seeking to recover an additional US$20.5 million from CCI Pakistan. While the Group is contesting these matters, it may not be successful in doing so, and it may also incur costs related to conducting this litigation. Furthermore, the Group cannot guarantee that the results of future legal, tax or regulatory proceedings or actions will not materially harm its business, financial condition, cash flows or results of operations, nor can the Group guarantee that it will not incur material losses in connection with future legal or regulatory proceedings or actions that exceed any provisions the Group may set aside in respect of such proceedings or actions or that exceed any available insurance coverage. Material litigation could have adverse reputational and financial consequences for the Group. Any negative outcome with respect to any legal or regulatory actions or proceedings in which one or more Group companies are involved in the future could have a material adverse effect on its business, financial condition and results of operations.

A failure by the Group to attract and retain key personnel could adversely affect its business.

The Group's success depends to a large degree on the services of its senior management team and key personnel with particular expertise. In particular, the loss or unavailability of its senior management team for an extended period of time could have an adverse effect on the Group's operations. In addition, the Group must compete with other companies in each of its markets for suitably qualified personnel, including technical and engineering personnel and employees having a deep understanding of the local markets and the intricacies of sales, marketing and distribution of soft drinks in such markets. The Group's inability to attract and retain key personnel could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in emerging markets and may not be insured against all potential losses and liabilities.

The Group's insurance coverage may not adequately protect it from all risks associated with its business. The insurance industry is not yet fully developed in many of the jurisdictions in which the Group operates and many forms of insurance protection common in more developed jurisdictions are not yet available, either on comparable terms (including as to price) or at all. The Group maintains all risk property damage insurance (including coverage for earthquake, fire, floods, strikes, riots, civil commotion and malicious damage), business interruption insurance, business interruption due to machinery breakdown insurance, electronic equipment insurance, cash-in-safe insurance, cash in transit and fidelity insurance, third party insurance, product liability insurance, directors' and officers' liability insurance and cyber risk insurance for all of its operations. It also maintains employer's liability insurance in Turkey, Azerbaijan, Tajikistan, Kazakhstan, Kyrgyzstan and Uzbekistan; product recall and trade credit insurance for Turkey; automobile liability insurance for Turkey, Tajikistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Jordan and Pakistan and explosive articles liability insurance for Turkey and Kyrgyzstan. In addition, the Group maintains insurance coverage for terrorism for Turkey. The Group also maintains political violence insurance for all its operations other than Syria (where the Group currently has no assets); transportation insurance for all operations; personal accident insurance for Turkey and environmental insurance for Kazakhstan.

The Group may be subject to losses that are not covered, or not sufficiently covered, by its insurance. In the event of severe damage to its facilities, the Group could experience disruption to its production capacity for which it may not be compensated. If the Group does not have insurance coverage in respect of particular risks, or if its insurance coverage were insufficient, it will be forced to cover any losses or third party claims out of its own funds. The Group does not currently maintain separate funds or otherwise set aside reserves to cover such losses or third party claims, and any such losses or claims could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Related to Turkey

Economic instability in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations.

Since the mid-1980s, the Turkish economy has evolved from a highly protected and regulated system to a more open market system. Although the Turkish economy has generally responded well to this transformation, it has continued to experience severe macroeconomic imbalances, including significant balance of payment deficits, substantial budget deficits, high rates of inflation, high rates of interest (which are nominal rates adjusted to remove the effects of inflation) and a considerable level of unemployment.

Notwithstanding, significant economic growth and development in recent years, in spite of its economic development since 2001, Turkey has experienced economic difficulties from time to time and remains vulnerable to both external and internal shocks, including changes in the economic policies of the United States, the European Union and other major economies, outbreaks of disease (e.g. SARS and COVID-19) and natural events such as earthquakes, escalating oil prices and terrorist activities, as well as potential domestic political uncertainty and changing investor opinion that can lead to capital outflows. High Turkish Government debt levels, its dependence on external financing and a substantial current account deficit (driven in part by external energy dependence and a low domestic savings rate) may also contribute to economic vulnerability. See "*—Turkey's high current account deficit may result in Turkish Government policies that negatively affect the Group's business*".

Seeking to improve economic growth, in September 2021, the Turkish Treasury announced a new three-year medium-term economic programme for the years 2022 to 2024 (the "New Economic Programme"), setting

GDP growth targets at 5.0 per cent. for 2022 and 5.5 per cent. for 2023 and 2024. The Turkish Treasury expects Turkey's GDP to grow by 9.0 per cent. in 2021. There can be no assurance that the growth targets listed under the New Economic Programme will be achieved for the years 2022 to 2024 or that the Turkish economy will not experience additional volatility which will adversely affect the Group.

Domestic political conditions and macroeconomic factors remain of concern, particularly in light of the significant depreciation of the Turkish Lira in recent periods. In particular, the monetary policy of the Central Bank has been a key area of concern. See "*—Political developments in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations*". Uncertainty regarding the economic agenda of the current government, the independence of the Central Bank and other factors have affected certain investors' perceptions of Turkey and the strength of the Turkish economy. Since 2016, Moody's has downgraded Turkey from Baa3 (negative outlook) to B2 (negative outlook) and Fitch has downgraded Turkey from BBB- (stable outlook) to BB- (negative outlook). During the same period, Standard & Poor's unsolicited rating for Turkey declined from BB+ (stable outlook) to B+ (stable outlook). Implementation of the foregoing policies and similar or other actions in the future are subject to a number of uncertainties (including as a result of the change of governance at the Central Bank). The Turkish economy, inflation rates and foreign exchange rates may continue to experience difficult and volatile conditions in the future. There can be no assurance that Turkey will be able to remain economically stable during any periods of renewed global economic weakness. Future negative developments in the Turkish economy could impair the Group's business strategies and have a material adverse effect on the Group's business, financial condition and results of operations.

Turkey's high current account deficit may result in Turkish Government policies that negatively affect the Group's business.

In recent years, Turkey has had a significant current account deficit, which could leave its economy susceptible to declines in capital inflows and vulnerable to macroeconomic shocks as well as declining investor sentiment. Moreover, Turkish policymakers may also take measures to decrease certain types of economic activity in an attempt to limit the current account deficit, which could have a negative impact on the Group's business.

As the economy slowed down throughout 2018, the current account deficit reached US$21.7 billion by year end. Due to ongoing weakness in economic activity, Turkey's current account balance in 2019 showed a surplus of US$6.8 billion, which was the first surplus since 2002; however, this development was temporary and in 2020 Turkey's current account deficit was US$36.8 billion due to various events and circumstances, including, amongst other things, the impact of COVID-19 on the external sector, a decline in Turkey's foreign trade and tourism revenues, political risks and an increase in the price of oil.

This relatively high current account deficit reflects both Turkey's longstanding structural economic problems and current macroeconomic environment and market conditions. Structural economic problems include dependence on imported energy and a high proportion of imports for manufacturing and domestic consumption, an inflexible labour market, a low savings rate and the shadow economy. More generally, continued growth in domestic demand and capital outflows could cause the current account deficit to increase, which may result in a sudden and significant adjustment in the value of the Turkish Lira, with potential inflationary consequences.

Although Turkey's growth dynamics depend to some extent upon domestic demand, Turkey is also dependent on trade with Europe. A significant decline in the economic growth of any of Turkey's major trading partners, such as the EU, could have an adverse impact on Turkey's balance of trade and adversely affect Turkey's economic growth. Turkey has diversified its export markets in recent years, but the EU remains Turkey's largest export market. A decline in demand for imports into the EU could have a material adverse effect on Turkish exports and on Turkey's economic growth and result in an increase in Turkey's current account deficit. To a lesser extent, Turkey also exports to markets in the Middle East, and the continuing political turmoil in certain of those markets could lead to a decline in demand for such imports, with a similar negative effect on Turkish economic growth and Turkey's current account deficit as described immediately above.

Turkey is an energy-dependent country and recorded energy imports of US$43.6 billion in 2018, US$41.7 billion in 2019 and US$28.9 billion in 2020. Any geopolitical development impacting energy security could have a material impact on Turkey's current account balance. Volatile oil and natural gas prices, together with the Turkish Lira's depreciation against the US dollar (in which most of Turkey's energy imports are priced), may have a negative impact on Turkey's current account deficit.

If the current account deficit widens more than anticipated, financial stability in Turkey may deteriorate. Financing the high current account deficit may be difficult in the event of a global liquidity crisis and/or declining interest or confidence of foreign investors in Turkey, and a failure to reduce the current account deficit could have a negative impact on Turkey's sovereign credit ratings. To date, Turkey's current account deficit has been funded largely through short-term foreign capital borrowings and foreign portfolio investments. Increased uncertainty in the global financial markets could make it more difficult for Turkey to finance its current account deficit, leading to increased volatility in the Turkish economy.

Should the current account deficit widen persistently, this may lead to a sudden downward adjustment in the Turkish Lira with inflationary consequences, which could have an adverse effect on Turkey's debt servicing ability. There can be no assurance that inflationary pressures in Turkey and government intervention designed to counteract that pressure, but which is harmful to the Group's interests, will not occur in the future.

Increases in inflation could adversely affect demand for the Group's products.

Rising inflation in the markets in which the Group operates may have an adverse effect on demand for the Group's products. Turkey has in the past had and continues to have high levels of inflation that have been intensified by the impact of the COVID-19 pandemic. The Domestic Producer Price Index ("D-PPI") and Consumer Price Index ("CPI") in Turkey increased to 7.36 per cent. and 11.84 per cent., respectively, for the December 2018 to December 2019 period and to 25.15 per cent. and 14.60 per cent., respectively, for the December 2019 to December 2020 period (source: TurkStat). As at October 2021, the D-PPI increased by 37.34 per cent. as compared to December 2020 and by 46.31 per cent. as compared to October 2020 (source: TurkStat). The CPI for October 2021 increased by 10.41 per cent. as compared to December 2020 and by 18.95 per cent. as compared to October 2020 (source: TurkStat). Recent increases in prices, such as commodity and food prices, indicate further increases in inflation. While the Central Bank of Turkey increased interest rates in late 2020 and early 2021, the replacement of the governor of the Central Bank in March 2021 and decrease in interest rates in late 2021 could lead to additional inflationary pressures in the Turkish economy. Higher rates of inflation, particularly if coupled with slowing GDP growth, could result in a reduction of the purchasing power of consumers. This could lead to decreased consumption of the Group's products. Increases in inflation in the markets in which the Group operates, and particularly in Turkey, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Turkish foreign exchange markets have historically been volatile, which could adversely affect Turkey's general economy, as well as the Group's business, financial condition and results of operations.

The Turkish Lira has demonstrated a significant degree of volatility in recent years, with particularly sharp depreciation, which has increased the foreign currency risk for the Group. In particular, the value of the Turkish Lira depreciated against major currencies in the recent years due to factors including increased risk perception in global markets regarding the market's expectation of the US Federal Reserve's increase of the US federal funds rate, and investors' perception of the Turkish political and economic environment. In nominal terms, between 31 December 2017 and 14 August 2018, the Turkish Lira depreciated by 80.6 per cent. against the US dollar. Following the announcement of measures to support the financial markets and prevent volatility in the currency market on 14 August 2018, the Turkish Lira appreciated by 23.5 per cent. against the US dollar by 31 December 2018. However, between 31 December 2018 and 31 December 2020, the currency depreciated by 39.5 per cent. Following the dismissal of the Governor of the Central Bank of Turkey on 20 March 2021, the Turkish Lira depreciated by a further 13.4 per cent. against the US dollar by 31 March 2021. Lastly, following consecutive decreases in interest rates by the Central Bank in late 2021, the Turkish Lira depreciated by a further 33.2 per cent. against the US dollar by 18 November 2021. Further macroeconomic uncertainties may result in future volatility in the value of the Turkish Lira, which could in turn adversely affect the Group.

Any significant further depreciation of the Turkish Lira against the US dollar or other major currencies may adversely affect the financial condition of Turkey as a whole, which may in turn have a material adverse effect on the Group's business, financial condition, cash flows or results of operations.

Political developments in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations.

Turkey has been a parliamentary democracy since 1923. Unstable coalition governments have been common, with political disagreements frequently resulting in early elections. Furthermore, the Turkish military establishment has, historically, played a significant role in Turkish Government and politics, intervening in the political process until the early 2000s.

Although a series of institutional reforms removed the military from positions of power in the state establishment, on 15 July 2016, the Turkish Government was subject to an attempted coup by certain elements of the Turkish armed forces. The Turkish Government and the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. Following the coup attempt, thousands of individuals were arrested, including senior members of the military, police and judiciary, as well as restrictions of media outlets, suspension, dismissal, travel bans and legal proceedings against police officers, public employees and the business community.

On 20 July 2016, the Turkish Government declared a 90-day state of emergency, entitling the Turkish Government to exercise additional powers. Under Article 120 of the Turkish Constitution, in the event of serious indications of widespread acts of violence aimed at the destruction of the free democratic order, a state of emergency may be declared in one or more regions of, or throughout, the country for a period not exceeding six months; however, this period may be extended, provided that such extensions do not exceed four months in each case. The state of emergency was further extended four times, through July 2017. Any resulting real or perceived instability in the Turkish Government and political environment in Turkey may adversely affect the business climate in Turkey and the Turkish economy.

On 16 April 2017, Turkey held a referendum on significant proposed amendments to the Turkish constitution. In particular, the referendum question was whether to approve amendments to the Turkish constitution which would result in replacing the existing parliamentary system of government with an executive presidency and a presidential system. The amendments were approved by a narrow majority of 51 per cent. of voters. Accordingly, the Turkish parliamentary system and council of ministers were replaced by a presidential system of government and an executive presidency.

In June 2018, President Recep Tayyip Erdoğan was re-elected as President with a vote share of approximately 52.6 per cent. Parliamentary elections were also held on the same day, as a result of which the People's Alliance (a coalition between the Justice and Development Party (Adalet ve Kalkınma Partisi) (the "AKP") and the Nationalist Movement Party (Milliyetçi Hareket Partisi) (the "MHP") achieved a parliamentary majority of 344 seats out of 600.

In March 2019, local elections were held, but the results of the Istanbul election, in which the opposition narrowly led, were declared void by the Supreme Election Board of Turkey. Local elections were repeated in June 2019, and again resulted in a victory for the opposition Republican People's Party (Cumhuriyet Halk Partisi).

Furthermore, on 6 July 2019, President Erdoğan replaced Mr. Murat Çetinkaya, the governor of the Central Bank, a year before his four-year term was scheduled to end, with Murat Uysal. The board of the Central Bank then removed its chief economist and other high-ranking officials from office. On 7 November 2020, following a sharp depreciation of the Turkish Lira against the US dollar, President Erdoğan replaced Mr. Uysal with Mr. Ağbal, after which the Central Bank increased the benchmark interest rate to 19 per cent. On 20 March 2021, President Erdoğan dismissed Mr. Ağbal and replaced him with Mr. Şahap Kavcıoğlu, a former member of the Grand National Assembly of Turkey for the Justice and Development Party. Following Mr. Ağbal's dismissal, the value of the Turkish Lira decreased against the US dollar and trading on the Borsa İstanbul was suspended after a sharp fall in share prices. On 30 March 2021, President Erdoğan dismissed the deputy governor of the Central Bank. Following the appointment of Şahap Kavcıoğlu as the governor, the Central Bank announced several decreases in the policy interest rate, and the Turkish Lira reached an all-time low of TL 18.36 per US dollar on 20 December 2021. On 2 December 2021, Mr. Lütfi Elvan also resigned as Minister of Treasury and Finance and was replaced by Mr. Nureddin Nebati. As such, uncertainty in relation to the independence of the Central Bank and the Ministry of Treasury and Finance continues and failure to implement effective monetary and fiscal policies may adversely affect the Turkish economy.

The foregoing events, future elections and/or other political circumstances may result in volatility in the Turkish financial markets, have an adverse effect on investors' perception of Turkey and/or have an adverse effect on Turkey's ability to support economic growth and manage domestic conditions.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or other similar jurisdictions. Summarised below are a number of risks relating to operating in Turkey and other emerging markets.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and reductions in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers.

Moreover, financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in all emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. There can be no assurances that investors' interest in Turkey will not be negatively affected by events in other emerging markets or the global economy in general.

Conflict, civil unrest and terrorism within Turkey or in nearby countries may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Turkey has experienced problems with terrorist and ethnic separatist groups, as well as other political unrest within its territory. In particular, Turkey has been in conflict for many years with the People's Congress of Kurdistan, formerly known as the PKK (an organisation that is listed as a terrorist organisation by various states and organisations, including Turkey, the European Union and the United States). Turkey has from time to time been the subject of terrorist attacks, including bombings and mass shootings in recent years in its tourist and commercial centres in İstanbul, Ankara and various coastal towns, and attacks against its armed forces.

Furthermore, political instability and in some cases conflict has increased markedly in a number of countries in the Middle East, such as Afghanistan, Syria, Iraq, Yemen, Jordan and Bahrain. Elevated levels of conflict in Afghanistan, Iraq and Syria have caused a significant displacement of people. Turkey is among the countries that have taken a significant number of Syrian refugees, and Pakistan, Turkmenistan, Uzbekistan and Tajikistan have all absorbed refugees from Afghanistan, and these refugee flows have put, and will continue to put, a strain on economic and social systems. Tensions have also increased between a number of Middle Eastern states, notably Iran and Saudi Arabia. Unrest in these countries has had and may continue to have political implications in Turkey or otherwise have a negative impact on Turkish economy, including through both financial markets and the real economy.

Terrorist attacks and conflict in neighbouring states have had and may continue to have a material adverse effect on Turkey's capital markets, the level of tourism, foreign investment and other elements of the Turkish economy, which may in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Turkey's relationship with the United States may be adversely affected.

Various recent events have adversely affected the bilateral relationship between Turkey and the United States, and this could have negative consequences for the Group. For example, in August 2018, the United States imposed sanctions on two Turkish ministers for their involvement in the arrest and detention of American pastor Andrew Brunson. Reciprocal Turkish sanctions were followed by the imposition of import tariffs on certain goods by both countries. These actions contributed to a decline in the value of the Turkish Lira, which fell to a record low before subsequently recovering due to Central Bank actions and an improvement in relations between Turkey and the United States following the release of Mr. Brunson on 12 October 2018 and the subsequent removal of the sanctions. However, on 14 October 2019, the United States announced sanctions on Turkey's Ministry of National Defence, the Ministry of Energy and Natural Resources and the ministers of national defence, energy and natural resources and interior in response to a joint Turkish-Syrian military offensive in northern Syria. Although US sanctions were lifted on 23 October 2019 after Turkey agreed to pause its military offensive, relations between the two countries remained strained on various topics, including the conviction of an executive of Türkiye Halk Bankası A.Ş. ("Halkbank") (who was released in July 2019 after serving his sentence). The United States may impose additional sanctions on Turkey, Turkish military personnel, political figures or entities and may also take other actions that may negatively impact the Turkish economy or Turkey's relationship with the United States.

In December 2017, Turkey entered into an agreement with Russia for the purchase of S-400 missile defence systems independent of the North Atlantic Treaty Organization ("NATO"), prompting the United States to threaten sanctions unless Turkey cancelled the purchase. In July 2019, Turkey accepted the first shipment of the S-400 missile defence system and in response the United States suspended Turkey's subcontracting work on the F-35 fighter programme. The United States or other NATO members may take further actions against Turkey as a result of significant purchases of Russian-made weapons.

Should the relationship between Turkey and the United States deteriorate further, including through the imposition of sanctions or other economic consequences, the Group's business, financial condition and results of operations could be adversely affected.

Uncertainties relating to Turkey's accession to the European Union may adversely affect the Turkish financial markets and result in greater volatility.

Turkey has had a long-term relationship with the EU. In 1963, Turkey signed an association agreement with the EU, and a supplementary agreement was signed in 1970 providing for a transitional second stage of Turkey's integration into the EU. Turkey has been a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Turkey and negotiations were launched on 3 October 2005. Turkey's EU accession process is conducted in 35 chapters ("Chapters"). These Chapters require a range of political, legislative and economic reforms to be implemented.

Although Turkey has implemented various reforms and continued harmonisation efforts with the EU, the relationship between the EU and Turkey has at times been strained. During 2006, the EU issued several warnings in connection with Turkey's undertakings under the additional protocol dated July 2005 relating to the Customs Union and in connection with recognition of the Republic of Cyprus. Following this, in December 2006, the EU decided that negotiations in eight Chapters should be suspended and that no Chapter would be closed until the EU has verified that Turkey has fulfilled its commitments relating to the additional protocol of July 2005. In 2009, six Chapters were blocked after the EU General Affairs meeting, including those on judiciary, fundamental rights, justice, freedom and security. Within the framework of accession negotiations, 16 chapters have been opened so far and one of these was provisionally closed. In November 2016, the European Parliament voted in favour of a non-binding resolution to request that the European Commission temporarily suspend membership negotiations of Turkey. In April 2017, the Parliamentary Assembly of the Council of Europe has decided to reopen the monitoring procedure against Turkey.

There can be no assurances that the EU or Turkey will continue to maintain an open approach to Turkey's EU membership or that Turkey will be able to meet all the criteria applicable to becoming a Member State. In the event of a loss of market confidence as a result of deterioration in Turkey's EU accession discussions or any other international relations involving Turkey, the Turkish economy may be adversely affected, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. On the other hand, there can be no assurances that any future accession by Turkey to the EU would have the expected benefits for the Turkish economy.

The Turkish Government's influence over the Turkish economy could negatively impact the Group's business.

The Turkish Government has exercised and continues to exercise significant influence over many aspects of the Turkish economy. The government is also directly involved in the Turkish economy through its ownership and administration of State Economic Enterprises ("SEEs") which, despite the divestments undertaken in the Turkish Government's privatisation programme, continue to represent a significant portion of the Turkish economy. Although none of the SEEs operate in any business segment in which the Group operates, any decisions taken by the government with respect to the SEEs have an impact on Turkish economy and thus indirectly on the Group.

Turkish disclosure standards differ in certain significant respects from those in more developed markets, leading to a relatively limited amount of information being available.

The disclosure obligations applicable to Turkish companies differ in certain respects from those applicable to similar companies in the United States and the United Kingdom. There is also less publicly available information regarding Turkish companies than public companies in the United States, the United Kingdom and other more developed markets. As a result, investors might not have access to the same depth of disclosure relating to the Group as they would for investments in companies in the United States, the United Kingdom, the EU and other more-developed markets.

Risks Related to the Notes and the Group's Capital Structure

The Notes will constitute unsecured obligations of the Company.

The Company's obligations under the Notes will constitute unsecured obligations of the Company. Accordingly, any claims against the Company under the Notes would be unsecured claims. The ability of the Company to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows, which could be affected by, among other things, the circumstances described in these "Risk Factors".

Claims of Noteholders under the Notes are unsecured and effectively subordinated to those of certain other creditors and liabilities of the Company's subsidiaries.

The Notes are unsecured and unsubordinated obligations of the Company. The Notes will rank equally with all of the Company's other unsecured and unsubordinated indebtedness save for those whose claims are preferred pursuant to the applicable legislation; however, the Notes will be effectively subordinated to the Company's secured indebtedness to the extent of the value of the assets securing such transactions and will be subject to certain preferential obligations under Turkish law, such as wages of employees.

Generally, lenders and trade and other creditors of the Company's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Company, as direct or indirect shareholder. Any debt that the Company's subsidiaries may incur in the future will also rank structurally senior to the Notes.

Total borrowings of the Group's international operations as at 30 September 2021 were TRY 929 million.

There is no public trading market for the Notes and an active trading market may not develop or be sustained in the future.

There is no active trading market for investments in the Notes. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Company's financial condition. Although application has been made for the Notes to be listed on the Official List and be admitted to trading on the Regulated Market, there can be no assurance that such application will be accepted, that an active trading market will develop or, if developed, that it can be sustained. In addition, liquidity may be limited if the Company makes large allocations to a limited number of investors. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The market price of the Notes may be subject to a high degree of volatility.

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale by the Group of other debt securities, as well as other factors, including the trading market for notes issued by Turkey. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Company's financial condition or results of operations.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the European Union or other similar jurisdictions. Emerging markets such as Turkey are subject to a greater risk of being perceived negatively by investors based upon external events (for example, volatility in the emerging markets, monetary policies in the United States and the Eurozone, continued violence in Syria and Iraq or a slowdown in China's growth) than more-developed markets. Moreover, international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors. Developments or economic conditions in other emerging market countries have at times significantly affected, and may in the future affect, the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments. Financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in other emerging market countries, as investors move their investments to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. Investors' interest in the Notes might be subject to fluctuations that might not necessarily be related to economic conditions in Turkey or the financial performance of the Group, which might in turn have an adverse impact on the prices of Turkish, including the Notes.

Credit ratings may not reflect all risks associated with an investment in the Notes, and changes to Turkey's credit ratings may affect the Group's ability to obtain funding.

In addition to the ratings on the Notes provided by S&P and Fitch, one or more other independent credit rating agencies may assign credit ratings to the Notes. The ratings might not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by S&P and Fitch will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Company could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK-regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of either of the rating agencies rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation (noting that currently Fitch is established in the UK and registered in accordance with the UK CRA Regulation while S&P is established in the EEA and registered in accordance with the CRA Regulation), relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Moreover, a downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the Group's ratings. See "*—Political developments in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations*" for a discussion of the Turkish sovereign credit rating.

Investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Transfers of investments in the Notes will be subject to certain restrictions.

Although the Notes have been authorised by the CMB pursuant to Decree 32, the Capital Markets Law, the Communiqué on Debt Instruments and other related legislation as debt securities to be offered outside of Turkey, the Notes have not been and are not expected to be registered under the Securities Act or any applicable state's or other jurisdiction's securities laws or with the SEC or any other applicable state's or other jurisdiction's regulatory authorities. The offering of the Notes will be made pursuant to exemptions from the registration requirements of the Securities Act and from other securities laws. Accordingly, reoffers, resales, pledges and other transfers of interests in the Notes will be subject to certain transfer restrictions. Each investor is advised to consult its legal advisers in connection with any such reoffer, resale, pledge or other transfer. See "*Transfer Restrictions*".

Because transfers of interests in the Global Certificates can be effected only through book entries at DTC, Clearstream, Luxembourg and/or Euroclear (as applicable) for the accounts of their respective participants, the liquidity of any secondary market for investments in the Global Certificates may be reduced to the extent that some investors are unwilling to invest in notes held in book-entry form in the name of a participant in Clearstream, Luxembourg, Euroclear or DTC, as applicable. The ability to pledge interests in the Notes may be limited due to the lack of a physical certificate. In the event of the insolvency of Euroclear, Clearstream, Luxembourg, DTC or any of their respective participants in whose name interests in the Notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Notes may be impaired.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

The Notes will be represented on issue by one or more Global Certificates that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by Global Certificates, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments to the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The conditions of the Notes contain certain provisions which may permit their modification without the consent of all investors

The conditions of the Notes (the "Conditions") contain provisions for calling meetings of Noteholders to vote upon matters affecting their interests generally or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. As a result, such binding decisions made by majorities of Noteholders may be adverse to the interests of potential investors.

It may not be possible for investors to enforce foreign judgments against the Company or its management

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Company reside inside Turkey and all or a substantial portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under Turkish International Private and Procedure Law of the Republic of Turkey (Law No. 5718), a judgment of a court established in a country other than the Republic of Turkey may not be enforced in Turkish courts in certain circumstances. Although Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom, there is no treaty between the United Kingdom and Turkey providing for reciprocal enforcement of judgments. For further information, see "*Enforcement of Judgments and Service of Process*".

The enforcement rights of the Noteholders against the Company and its assets assume the application of Turkish law as presently in effect. Any possible judicial decision or change to Turkish law or administrative practice after the date of this Prospectus may impact the Notes.

Furthermore, any claim against the Company that is denominated in a foreign currency would, upon pronouncement of bankruptcy of the Company, only be payable in Turkish Lira, thereby shifting the currency exchange risk from the Company to the Noteholders. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

A Turkish court may not recognise English law as the governing law of certain non-contractual obligations

The Conditions provide that the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll (each as defined below), and any non-contractual obligations arising out of or in connection with the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll, are governed by, and will be construed in accordance with, English law.

However, the Turkish International Private and Procedure Law (Law No. 5718) imposes certain restrictions in relation to the choice of law for certain non-contractual obligations. In particular, the Turkish International Private and Procedure Law (Law No. 5718) provides that parties are permitted to choose the law applicable to claims relating to tort and/or unjust enrichment only after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment. As a result, a Turkish court may refuse to apply English law to any such non-contractual obligations arising out of or in connection with the Notes, the Subscription Agreement, the Agency Agreement, the Deed of Covenant or the Deed Poll.

The Company depends to a certain degree on the results of operations of its subsidiaries.

While the Company has significant revenue-generating operations of its own, it still depends to a certain degree upon dividends, permitted repayment of intercompany debt, if any, and other transfers of funds from its subsidiaries and joint ventures. Certain of the Company's subsidiaries (including CCI Kazakhstan and CCI Pakistan) are parties to various loan agreements, as a result of which a portion of their cash flows goes to paying interest and principal on outstanding borrowings under these facilities. Additional restrictions on the distribution of cash to the Company arise from, among other things, applicable corporate and other laws and regulations and by the terms of other agreements to which its subsidiaries are or may become subject. As a result of the above, the Company's ability to service cash interest payments or other cash needs may be restricted. If the Company's subsidiaries and joint ventures are unable to pay dividends or otherwise transfer funds to it, then it may be unable to satisfy its obligations to pay interest on the Notes and would be required to refinance these obligations to avoid default. The Company can provide no assurance that its own revenue-generating operations will be sufficient to provide the necessary funds, that it will be able to obtain the necessary funds from its subsidiaries or joint ventures or that it would be able to refinance its obligations.

US persons investing in the Notes might have indirect contact with countries sanctioned by the Office of Foreign Assets Control of the US Department of Treasury as a result of the Company's investments in and business with countries on the sanctions list.

The Office of Foreign Assets Control of the US Department of Treasury ("OFAC") administers regulations that restrict the ability of US persons to invest in, or otherwise engage in business with, certain countries, including Crimea, Cuba, North Korea, Iran, Syria and Sudan, and specially designated nationals (together "Sanction Targets"). The Company has a 50 per cent. indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells Coca-Cola products; it does not engage in production in Syria and it has no assets in Syria. No part of the proceeds of the offering of the Notes will be transferred to CCI Syria. The Company is not a Sanction Target and OFAC regulations do not prohibit US persons from investing in, or otherwise engaging in business with, the Company; however, to the extent that the Company invests in, or otherwise engages in business with, Sanction Targets directly or indirectly, US persons investing in the Company may incur the risk of indirect contact with Sanction Targets. Non-US persons from the European Union and other jurisdictions with similar sanctions may similarly incur the risk of indirect contacts with Sanction Targets.

Investors whose financial activities are denominated in a currency or currency unit other than US dollars may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls

The Company will pay principal and interest on the Notes in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in US dollars into the Investor's Currency, which could have a material adverse effect on the market value of the Notes. There may also be tax consequences for investors.

The Company will have the right to redeem the Notes upon the occurrence of certain changes requiring it to pay withholding taxes

The withholding tax rates on interest payments in respect of bonds issued by Turkey-resident corporations outside of Turkey vary depending on the original maturity of such bonds as specified under the Tax Decrees. Pursuant to the Tax Decrees, with respect to bonds that are issued by Turkey-resident corporations outside of Turkey with a maturity of three years or more, the withholding tax rate on interest is 0 per cent. Accordingly, under current Turkish tax law, a withholding tax at the rate of 0 per cent. should apply to interest on the Notes.

The Company will have the right to redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption and any Step-Up Payment, subject as provided in Condition 12.4, if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2) or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 18 January 2022, on the next Interest Payment Date the Company would be required to pay additional amounts as provided or referred to in Condition 8 and the requirement cannot be avoided by the Issuer taking reasonable measures available to it.

Upon such a redemption, investors in the Notes might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the Notes.

This redemption feature is also likely to limit the market value of the Notes at any time when the Company has the right to redeem them as provided above, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law or regulation is yet to become effective.

Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade

The denominations of the Notes are US$200,000 and integral multiples of US$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of US$200,000 that are not integral multiples of US$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds an amount of less than US$200,000 would need to purchase an amount of Notes such that it holds an amount equal to at least US$200,000 to be able to trade such Notes.

Noteholders should be aware that Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade.

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics

In January 2022, the Issuer adopted a framework relating to its sustainability strategy and targets and allowing the Issuer to issue bonds with a link to such strategy and targets (the "Sustainability-Linked Bond Framework"), in accordance with the Sustainability-Linked Bond Principles 2020 ("SLBP") administered by the International Capital Markets Association ("ICMA"). The Sustainability-Linked Bond Framework has been reviewed by Sustainalytics for an assessment of the relevance and scope of the selected key performance indicators (one of which is referenced in the Notes) and the associated climate change targets and such assessment also confirms the alignment of the Sustainability-Linked Bond Framework with the SLBP (such assessment, the "Second-party Opinion").

The Second-party Opinion may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Notes. The Second-party Opinion does not constitute a recommendation to buy, sell or hold securities and is only current as of the date it is released. A withdrawal of the Second-party Opinion may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in sustainability-linked assets. Neither the Issuer nor the Joint Bookrunners assume any obligation or responsibility to release any update or revision to the Sustainability-Linked Bond Framework and/or information to reflect events or circumstances after the date of publication of the Sustainability-Linked Bond Framework and, therefore, an update or a revision of the Second-party Opinion may or may not be requested of any provider of second-party opinions.

Moreover, Sustainalytics and providers of similar opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. The Second-party Opinion and any other opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Joint Bookrunners, Sustainalytics, any other opinion providers or any other person to buy, sell or hold the Notes. Noteholders have no recourse against the Issuer, any of the Joint Bookrunners, Sustainalytics or any provider of any such opinion or certification in respect of the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining on or certifying may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Furthermore, although the interest rate relating to the Notes is subject to upward adjustment in certain circumstances specified in the Conditions of the Notes, with such increased interest amount payable only at maturity or on any earlier redemption or repayment of the Notes as provided in the Conditions, the Notes may not satisfy an investor's requirements or any future legal or other standards for investment in assets with sustainability characteristics. The Notes are not being marketed as green bonds since the Issuer expects to use the net proceeds to finance the purchase of up to US$250 million of the aggregate principal amount outstanding of the 2024 Notes tendered and accepted for purchase by the Issuer in accordance with the terms and conditions of the Tender Offer, with the remaining proceeds of the issuance of the Notes being used by the Issuer to refinance existing indebtedness, fund its capital expenditure programme and for general corporate purposes and therefore the Issuer does not intend to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or to be subject to any other limitations associated with green bonds. In addition, the Step Up Event in respect of the Notes depends on a definition of Water Use Ratio (as defined in the Conditions) which may be inconsistent with investor requirements or expectations, or other definitions relevant to water use. Although the Issuer adopts a standardised approach to estimate water efficiency as the volume of water withdrawn, expressed in litres per one litre of product produced, Sustainalytics notes in the Second-party Opinion that there is no external benchmark available to enable comparison against performance on this key performance indicator.

If the Second-party Opinion is withdrawn, there might be no third-party analysis of the Issuer's definition of Water Use Ratio or how such definition relates to any sustainability-related standards other than the External Verifier's confirmation of the Water Use Ratio .

Even if the Second-party Opinion is not withdrawn, there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "sustainable" or "sustainability-linked" or equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "sustainable" or "sustainability-linked" (and, in addition, the requirements of any such label may evolve from time to time). A basis for the determination of what may constitute a "sustainable" project has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "Sustainable Finance Taxonomy Regulation") on the establishment of a framework to facilitate sustainable investment (the "EU Sustainable Finance Taxonomy"). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. Until the technical screening criteria for the objectives of the EU Sustainable Taxonomy have been finalised, it is not known whether the Sustainability-Linked Bond Framework will satisfy those criteria. Accordingly, no assurance is or can be given to investors by the Issuer, Joint Bookrunners, Sustainalytics or the External Verifier that the Notes will meet any or all investor expectations regarding the Notes or the Issuer's targets qualifying as "sustainable" or "sustainability-linked" or that no other adverse consequences will occur in connection with the Issuer striving to achieve such targets.

The application of a Step Up (as defined below) depends on the occurrence of the Step Up Event. The Step Up Event shall be deemed to have occurred on the Water Use Observation Date if the Issuer has failed to satisfy the Water Use Ratio Condition (each as defined in the Conditions). The nature and definition of Water Use Ratio, the targeted threshold and the date as of which the Issuer's performance is measured may be inconsistent with investor requirements or expectations for investment in instruments with sustainability characteristics or other definitions relevant to the decrease of water use which the investor may pursue with its investment.

Investors should make their own assessment as to the suitability or reliability for any purpose whatsoever of Sustainability-Linked Bond Framework, the Second-party Opinion and any other opinion, report or certification of any third party in connection with the offering of the Notes. Any such document, opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.

There can be no assurance that the sustainability performance target indicated in the Conditions will be met and the Notes include a Step Up linked to the failure to achieve such target

Although the Issuer targets reducing the Group's Water Use Ratio (the "Water Use Target"), there can be no assurance of the extent to which it will be successful in doing so or that any future investments it makes in furtherance of this target will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Adverse environmental or social impacts may occur during the design, construction and operation of any investments the Group makes in furtherance of the Water Use Target or such investments may become controversial or criticised by activist groups or other stakeholders. Further, the Group's performance against the Water Use Target will be tested on a certain date only, as specified in the Conditions, which may be inconsistent with an investor's requirements or expectations for investment in instruments with such sustainability characteristics. Further, the Joint Bookrunners shall not assume any obligation or responsibility to monitor the performance of the Water Use Target and cannot guarantee the performance of (and offer no assurance in respect of) the Water Use Target.

No Event of Default shall occur under the Notes, nor will the Issuer be required to repurchase or redeem the Notes, if the Issuer fails to meet the Water Use Target.

Under the Conditions, the interest rate relating to the Notes is subject to upward adjustment (the "Step Up") in the final year to maturity where the Issuer has failed to satisfy the Water Use Ratio Condition, with any such Step Up amount payable only at maturity or on any earlier redemption or repayment of the Notes as provided in the Conditions. The application of a Step Up may not sufficiently compensate the investor for any losses suffered in terms of market price of the Notes in case of the Step Up Event. Noteholders should also be aware that if such condition is not met, the Notes may not satisfy an investor's requirements or any future legal or other standards for investment in assets with sustainability characteristics. Further, the increased interest amount payable in such circumstances would increase the Issuer's cost of funding and could have an adverse impact upon the Issuer, its business prospects, results of operations or its reputation.

The calculation of the 2020 Water Use Ratio Baseline has not been, and will not be, independently verified. The 2020 Water Use Ratio Baseline and the Water Use Ratio Percentage Threshold can be recalculated following the Issue Date, and such recalculation may not be independently verified

The calculation of the 2020 Water Use Ratio Baseline has not been, and will not be, independently verified. The 2020 Water Use Ratio Baseline and the Water Use Ratio Percentage Threshold that are used to determine whether the Step Up Event occurs in respect of the Notes may be recalculated in good faith by the Issuer, in the event of any changes that would significantly impact the Group's Water Use Ratio, the 2020 Baseline and/or the Water Use Target, or to make adjustments otherwise deemed necessary by the Issuer. and such recalculation may or may not be independently verified. The Issuer intends that the reasons for any such adjustments, which could include but not be limited to changes in (i) calculation methodologies, (ii) data due to better data accessibility and (iii) the composition of the Group as a result of any acquisition, merger, spin-off, disposal, sale of assets, organic development or otherwise, and any recalculation methodology applied, will be clearly stated by the Issuer in the relevant Annual Integrated Report. Any such adjustments, which may increase the 2020 Water Use Ratio Baseline or decrease the Water Use Ratio Percentage Threshold, may mean the Group would be able to satisfy the Water Use Ratio Condition with a higher Water Use Ratio and avoid the occurrence of a Step Up Event. As a result, any recalculation of the 2020 Water Use Ratio Baseline or the Water Use Ratio Percentage Threshold could have an adverse impact on the price of the Notes.

The Issuer's calculation of the Water Use Target may change over time

The Water Use Target is a calculated and is not a measured number. The relevant calculations are carried out internally by the Issuer based on broadly accepted standards and reported externally. Those standards are discussed by expert groups and include contributions from industry bodies. These standards and guidelines mentioned may change over time and investors should be aware that the way in which the Issuer calculates any performance indicators may also change over time. The Issuer intends that the reasons for any such change in calculation will be clearly stated by the Issuer in the relevant Annual Integrated Report.

SUMMARY FINANCIAL INFORMATION

The tables below set out the Group's summary consolidated historical financial information as at and for the years ended 31 December 2020, 2019 and 2018 extracted from the Audited Consolidated Financial Statements, which are included in this Prospectus, and the Group's summary consolidated historical interim financial information as at 30 September 2021 and for the nine months ended 30 September 2021 and 2020 extracted from the Q3 2021 Reviewed Interim Financial Statements, which are included in this Prospectus. See "Presentation of Information" for more details on the historical financial information included in this Prospectus, including the basis of preparation. Investors should not rely on interim results as being indicative of results the Group may expect for the full year. The tables below also set out the Group's Non-TAS Measures, which have been calculated on the basis set out in "Presentation of Information".

This section should be read together with the information contained in "Presentation of Information", "Use of Proceeds", "Capitalisation of the Group", "Operating and Financial Review", the Q3 2021 Reviewed Interim Financial Statements and the Audited Consolidated Financial Statements and the respective notes thereto included in this Prospectus.

Summary Consolidated Income Statement Data

The table below sets out data from the Group's consolidated income statement for the nine months ended 30 September 2021 and 2020 as prepared in accordance with TAS 34, and for the years ended 31 December 2020, 2019 and 2018 as prepared in accordance with Turkish Financial Reporting Standards ("TFRS"). The Group has made changes to the historical information for the nine months ended 31 September 2020 since the interim financial statements for that period were published. The Group has also made changes to the historical financial information as at and for the three years ended 31 December 2019 and 2018 since the audited consolidated financial statements for those years were published. The historical financial information for the nine months ended 30 September 2020, the year ended 31 December 2019 and the year ended 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the Q3 2021 Reviewed Interim Financial Statements, the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information*" for further information on these restatements and reclassifications. As a result of the restatements and reclassifications, the summary consolidated income statement for the year ended 31 December 2018 is not directly comparable to the summary consolidated income statements for the years ended 31 December 2020 and 2019, although such incomparability has been concluded to be immaterial. For information purposes, the summary consolidated income statement for the year ended 31 December 2018 has been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Comparative Financial Information as at and for the Year Ended 31 December 2018*".

	Nine months ended 30 September	
	2020	**2021**
	(TRY millions)	
Net revenue	11,207	16,365
Cost of sales	(7,271)	(10,581)
Gross profit/(loss)	**3,936**	**5,784**
General and administration expenses	(473)	(587)

	Nine months ended 30 September	
	2020	2021
	(TRY millions)	
Distribution, selling and marketing expenses	(1,530)	(2,291)
Other operating income	215	180
Other operating expense	(256)	(171)
Profit/(Loss) from operations	**1,893**	**2,914**
Gain/(Loss) from investing activities	64	(29)
Gain/(Loss) from joint ventures	(3)	(3)
Profit/(Loss) before financial income/(expense)	**1,954**	**2,882**
Financial income/(expense)	**(110)**	**(18)**
Financial income	832	969
Financial expenses	(942)	(987)
Profit/(Loss) before tax from continuing operations	**1,843**	**2,863**
Tax expense from continuing operations	**(436)**	**(623)**
Deferred tax income/(expense)	(70)	37
Current period tax expense	(367)	(660)
Net income/(loss) from continuing operations	**1,407**	**2,240**
Net profit/(loss) from discontinued operations	**(4)**	**—**
Net profit/(loss) for the period	**1,402**	**2,240**

	Year ended 31 December[1]		
	2018	2019	2020
		(TRY millions)	
Net revenue	10,623	12,008	14,391
Cost of sales	(7,096)	(7,827)	(9,319)
Gross profit/(loss)	**3,527**	**4,181**	**5,072**
General and administration expenses	(441)	(526)	(663)
Distribution, selling and marketing expenses	(1,857)	(2,053)	(2,213)
Other operating income	137	128	251
Other operating expense	(97)	(211)	(303)
Profit/(Loss) from operations	**1,269**	**1,517**	**2,143**
Gain/(Loss) from investing activities	(9)	3	(85)
Gain/(Loss) from joint ventures	(1)	(0)	(3)

	Year ended 31 December[1]		
	2018	2019	2020
		(TRY millions)	
Profit/(Loss) before financial income/(expense)	**1,258**	**1,520**	**2,055**
Financial income/(expense)	**(713)**	**(335)**	**(289)**
Financial income	1,886	436	1,056
Financial expenses	(2,598)	(771)	(1,345)
Profit/(Loss) before tax from continuing operations	**546**	**1,185**	**1,766**
Tax expense of continuing operations	**(194)**	**(246)**	**(448)**
Deferred tax income/(expense)	(27)	(4)	(50)
Current period tax expense	(167)	(242)	(398)
Net income/(loss) from continuing operations	**351**	**939**	**1,318**
Net profit/(loss) from discontinued operations	**—**	**3**	**(4)**
Net profit/(loss) for the year	**351**	**942**	**1,314**

Summary Consolidated Statement of Financial Position

The table below sets out data from the Group's consolidated statement of financial position as at 30 September 2021 as prepared in accordance with TAS 34, and as at 31 December 2020, 2019 and 2018 as prepared in accordance with TFRS. The Group has made changes to the historical financial information as at 31 December 2020, 2019 and 2018 since the Audited Consolidated Financial Statements for those years were published, and the historical financial information below as at 31 December 2020, 31 December 2019 and 31 December 2018 in this Prospectus is therefore sourced from the comparative columns in the Q3 2021 Reviewed Interim Financial Statements, the 2020 Audited Consolidated Financial Statements and the 2019 Audited Consolidated Financial Statements, respectively. See "*Presentation of Information—Presentation of Financial Information*" for further information on these restatements and reclassifications. As a result, the summary consolidated statement of financial position as at 31 December 2020 is not directly comparable to the summary consolidated statement of financial position as at 31 December 2019. For information purposes, the 2019 consolidated statements of financial position as at 31 December 2019 have been restated and reclassified in "*Presentation of Information—Presentation of Financial Information—Illustrative Adjustments to 2019—Illustrative Adjusted Consolidated Income Statement for the Year Ended 31 December 2019*" and "*Presentation of Information—Presentation of Financial Information—Illustrative Adjustments to 2019*.

Summary Consolidated Balance Sheet Data

	As at 30 September	As at 31 December
	2021	2020[1]
	(TRY millions)	
Assets		

	As at 30 September	As at 31 December
	2021	2020[1]
	(TRY millions)	
Cash and cash equivalents	4,528	4,661
Financial investments	96	23
Trade receivables	2,354	1,092
Due from related parties	259	296
Due from third parties	2,095	796
Other receivables	39	34
Other receivables due from third parties	39	34
Derivative financial instruments	41	36
Inventories	1,622	1,041
Prepaid expenses	413	299
Current income tax assets	196	249
Other current assets	423	282
Other current assets from third parties	423	282
Total current assets	**9,711**	**7,717**
Other receivables	66	47
Other receivables due from third parties	66	47
Property, plant and equipment	8,507	7,344
Intangible assets	6,365	3,447
Goodwill	3,438	983
Other intangible assets	2,927	2,464
Right of use asset	171	194
Prepaid expenses	63	208
Deferred tax assets	293	183
Derivative financial instruments	13	7
Total non-current assets	**15,479**	**11,430**
Total assets	**25,190**	**19,147**
Liabilities		
Short-term borrowings	517	985
Current portion of long-term borrowings	348	315
Trade payables	3,465	1,837
Due to related parties	666	480
Due to third parties	2,798	1,358
Payables related to employee benefits	46	50
Other payables	994	518

	As at 30 September	As at 31 December
	2021	2020[1]
	(TRY millions)	
Other payables due to third parties	994	518
Derivative financial instruments	3	58
Provision for corporate tax	186	62
Current provisions	152	79
Current provisions for employee benefits	152	79
Other current liabilities	1,252	418
Total current liabilities	**6,963**	**4,323**
Long-term borrowings	5,507	4,861
Trade payables	92	49
Due to related parties	91	47
Due to third parties	1	3
Derivative financial instruments	263	213
Non-current provisions	167	147
Non-current provisions for employee benefits	167	147
Deferred tax liability	920	814
Other non-current liabilities	1	4
Total non-current liabilities	**6,950**	**6,088**
Equity		
Equity of the parent	9,912	7,662
Share capital	254	254
Share capital adjustment differences	(9)	(9)
Share premium	99	214
Non-controlling interest put option valuation fund	(5)	(5)
Other comprehensive income items not to be reclassified to profit or loss	(25)	(25)
Actuarial gains/(losses)	(35)	(35)
Other valuation funds	10	10
Other comprehensive income items to be reclassified to profit or loss	4,357	3,436
Currency translation adjustment	5,735	4,370
Hedge reserve gain/(losses)	(1,378)	(934)
Restricted reserves allocated from net profit	275	207
Accumulated profit/(loss)	2,924	2,357
Net income/(loss)	2,040	1,233
Non-controlling interest	**1,366**	**1,074**
Total equity	**11,278**	**8,737**

	As at 30 September	As at 31 December
	2021	2020[1]
	(TRY millions)	
Total liabilities	**25,190**	**19,147**

	As at 31 December		
	2018[1]	2019[1]	2020[1]
		(TRY millions)	
Assets			
Cash and cash equivalents	2,290	2,823	4,661
Financial investments	21	110	23
Trade receivables	751	910	1,092
Due from related parties	127	210	296
Due from third parties	624	700	796
Other receivables	32	27	34
Other receivables due from third parties	32	27	34
Derivative financial instruments	—	3	36
Inventories	804	872	1,041
Prepaid expenses	191	231	299
Current income tax assets	150	208	249
Other current assets	298	283	282
Other current assets from third parties	298	283	282
Total current assets	**4,537**	**5,465**	**7,717**
Other receivables	38	39	47
Other receivables due from third parties	38	39	47
Property, plant and equipment	6,489	6,899	7,344
Intangible assets	2,689	3,018	3,447
Goodwill	819	844	983
Other intangible assets	1,869	2,174	2,464
Right of use asset	131	194	194
Prepaid expenses	258	243	208
Deferred tax asset	11	101	183
Derivative financial instruments	—	—	7
Other non-current assets	1	—	—
Total non-current assets	**9,617**	**10,495**	**11,430**

	As at 31 December		
	2018(1)	2019(1)	2020(1)
		(TRY millions)	
Total assets	**14,155**	**15,960**	**19,147**
Liabilities			
Short-term borrowings	212	447	985
Current portion of long-term borrowings	734	1,046	315
Trade payables	1,294	1,481	1,837
Due to related parties	328	437	480
Due to third parties	966	1,044	1,358
Payables related to employee benefits	35	45	50
Other payables	288	373	518
Other payables due to third parties	288	373	518
Derivative financial instruments	13	4	58
Provision for corporate tax	11	20	62
Current provisions	58	59	79
Current provisions for employee benefits	58	59	79
Other current liabilities	50	61	418
Total current liabilities	**2,696**	**3,536**	**4,323**
Long-term borrowings	4,158	3,998	4,861
Trade payables	47	66	49
Due to related parties	41	61	47
Due to third parties	6	5	3
Derivative financial instruments	—	—	213
Non-current provisions	83	118	147
Non-current provisions for employee benefits	83	118	147
Deferred tax liability	549	662	814
Other non-current liabilities	198	209	4
Total non-current liabilities	**5,035**	**5,054**	**6,088**
Equity			
Equity of the parent	5,599	6,515	7,662
Share capital	254	254	254
Share capital adjustment differences	(9)	(9)	(9)
Share premium	214	214	214
Non-controlling interest put option valuation fund	(5)	(5)	(5)

	As at 31 December		
	2018(1)	2019(1)	2020(1)
	(TRY millions)		
Other comprehensive income items not to be reclassified to profit or loss	(10)	(18)	(25)
Actuarial gains/losses	(20)	(28)	(35)
Other valuation funds	10	10	10
Other comprehensive income items to be reclassified to profit or loss	3,017	3,275	3,436
Currency translation adjustment	3,162	3,699	4,370
Hedge reserve gain/(loss)	(145)	(424)	(934)
Restricted reserves allocated from net profit	155	184	207
Accumulated profit/(loss)	1,660	1,653	2,357
Net income/(loss)	321	966	1,233
Non-controlling interest	826	854	1,074
Total equity	**6,424**	**7,369**	**8,737**
Total liabilities	**14,155**	**15,960**	**19,147**

Summary Consolidated Cash Flow Data

	Nine months ended 30 September		Year ended 31 December		
	2020(1)	2021	2018(1)	2019(1)	2020(1)
	(TRY millions)				
Net cash generated from operating activities	2,638	3,704	1,636	2,032	2,906
Net cash used in investing activities	(553)	(2,765)	(830)	(741)	(643)
Net cash used in financing activities	(930)	(1,827)	(3,568)	(912)	(815)
Currency translation adjustment	632	755	1,177	154	390
Net (decrease)/increase in cash and cash equivalents	1,787	(133)	(1,585)	533	1,838
Cash and cash equivalents at beginning of period	2,823	4,661	3,875	2,290	2,823
Cash and cash equivalents, period end	**4,610**	**4,528**	**2,290**	**2,823**	**4,661**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Non-TAS Financial Measures

The following table sets forth certain non-TAS financial measures used by the Group. For definitions and reconciliations of the Group's non-TAS Measures, see "*Presentation of Information—Non-TAS Financial Measures*".

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018[(1)]**	**2019[(1)]**	**2020[(1)]**
Adjusted EBITDA (*TRY millions*)	2,620	3,758	1,919	2,279	3,137
Adjusted EBITDA margin (%)	23.4	23.0	18.1	19.0	21.8
Adjusted EBIT (*TRY millions*)	1,893	2,914	1,269	1,517	2,143
Capital expenditure (*TRY millions*)	456	831	857	766	666
Capital expenditures to net revenue (%)	4.1	5.1	8.1	6.4	4.6
Free cash flow (*TRY millions*)	1,918	2,499	727	1,081	1,987
Net working capital (*TRY millions*)	89	(1,009)	476	489	10
Net working capital to net revenue (%)	0.7	(5.2)	4.5	4.1	0.1
Net finance charge	(222)	(249)	(144)	(143)	(249)
Adjusted EBIT to net finance charges	(8.5)	(11.7)	(8.8)	(10.6)	(8.6)
Gross debt	6,382	6,373	5,104	5,491	6,160
Net debt (*TRY millions*)	1,550	1,749	2,793	2,559	1,477
Net debt (*US$ millions*)	198	197	531	431	201
Net debt to Adjusted EBITDA	0.59	0.47	1.46	1.12	0.47

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. For information on the restatements and reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

PRESENTATION OF INFORMATION

Presentation of Financial Information

Financial information

The Group's consolidated financial statements include:

- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2020, which include comparative financial information as at and for the year ended 31 December 2019 (the "2020 Audited Consolidated Financial Statements");
- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2019, which include comparative financial information as at and for the year ended 31 December 2018 (the "2019 Audited Consolidated Financial Statements" and, together with the 2020 Audited Consolidated Financial Statements, the "Audited Consolidated Financial Statements"); and
- the Group's unaudited reviewed condensed consolidated interim financial statements as at and for the nine months ended 30 September 2021, which include comparative restated financial information for the nine months ended 30 September 2020 (the "Q3 2021 Reviewed Interim Financial Statements" and, together with the Audited Consolidated Financial Statements, the "Consolidated Financial Statements").

As the Company is listed on the Borsa Istanbul, the Consolidated Financial Statements are required to be prepared in conformity with the financial reporting standards accepted by the CMB, the Turkish Accounting Standards. The Q3 2021 Reviewed Interim Financial Statements were prepared in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

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

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting in Capital Markets" announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676.

In addition, the interim condensed consolidated financial statements are presented in accordance with the format specified in the "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and the "Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA and are presented in Turkish Lira.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Deloitte Turkey"), a member of Deloitte Touche Tohmatsu Limited ("Deloitte"), audited and issued auditor's reports with respect to the annual consolidated financial statements as at and for the years ended 31 December 2020, 2019 and 2018. Only the consolidated financial statements as at and for the years ended 31 December 2020 and 2019 are included herein.

Deloitte Turkey reviewed and issued a review report with respect to the Q3 2021 Reviewed Interim Financial Statements. The term "review" refers to limited procedures performed in accordance with principles and standards on the review of interim financial statements set out in the auditing standards issued by the CMB for a review of such information and does not constitute an audit.

The Group consists of the Company and its subsidiaries and joint ventures. See Note 1 of the Q3 2021 Reviewed Interim Financial Statements, note 1 of the 2020 Audited Consolidated Financial Statements and note 1 of the 2019 Audited Consolidated Financial Statements for lists of subsidiaries that are fully consolidated with the results of the Company and joint venture that is accounted for under the equity method with the results of the Company in accordance with the Company's interest in the joint venture.

The Consolidated Financial Statements have not been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Union based on Regulation (EC) No 1606/2002. There may be material differences from financial information prepared in accordance with Regulation (EC) No 1606/2002. For further details, see "*Appendix A: Summary of Certain Differences Between IFRS and Turkish Accounting Standards*".

The Consolidated Financial Statements, together with the respective notes thereto, are included in this Prospectus beginning on page F-2.

Sources of Financial Information

As a result of certain restatements and reclassifications detailed below, the financial information included in this Prospectus, unless otherwise stated, is derived from the following sources:

- Financial information as at and for the nine months ended 30 September 2021 ("Q3 2021 Financial Information") is derived from the Q3 2021 Reviewed Interim Financial Statements;
- Financial information as at and for the nine months ended 30 September 2020 ("Q3 2020 Financial Information") is derived from the comparative financial information as at and for the nine months ended 30 September 2020 ("Q3 2020 Comparative Information") included in the Q3 2021 Reviewed Interim Financial Statements;
- Financial information as at and for the year ended 31 December 2020 ("2020 Financial Information") is derived from the comparative financial information as at 31 December 2020 (the "2020 Comparative Information") included in the Q3 2021 Reviewed Interim Financial Statements;
- Financial information as at and for the year ended 31 December 2019 ("2019 Financial Information") is derived from the comparative financial information as at and for the year ended 31 December 2019 ("2019 Comparative Information") included in the 2020 Audited Consolidated Financial Statements;
- Financial information as at and for the year ended 31 December 2018 ("2018 Financial Information") is derived from the comparative financial information as at and for the year ended 31 December 2018 ("2018 Comparative Information") included in the 2019 Audited Consolidated Financial Statements; the 2018 Audited Consolidated Financial Statements have not been restated to reflect the discontinued operation further described below nor the reclassification of the interest received and paid in the statement of cash flow; and
- Segmental information is derived from the regularly maintained records and accounting systems of the Group.

Comparability of Financial Information

The comparability of the financial information for the periods presented in this Prospectus has been impacted by changes in certain reclassifications and changes due to the adoption of new and revised TFRS standards, as described below. The reclassifications in the 2020 Audited Consolidated Financial Statements have not been adjusted in the 2019 Audited Consolidated Financial Statements or in the 2018 Audited Consolidated Financial Statements. For these reasons and as further described below, the statement of financial position as at 31 December 2020 is not directly comparable to the statement of financial position as at 31 December 2019, and the financial information as at and for the year ended 31 December 2019 is not directly comparable to the financial information as at and for the year ended 31 December 2018. However, the Company has concluded that the effect of these changes is not material.

Restatements and Reclassifications

Comparative Financial Information as at 31 December 2020

In the Q3 2021 Reviewed Interim Financial Statements, the Q3 2020 Comparative Information was adjusted to correct an error in the classification of a provision amounting to TRY 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the reclassification, a credit of TRY 53.1 million has been reclassified to current prepaid expense and a credit of TRY 4.5 million has been reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For more information, see Note 2 to the Q3 2021 Reviewed Interim Financial Statements, which are included in this Prospectus.

Comparative Financial Information for the Nine Months Ended 30 September 2020

In the Q3 2021 Reviewed Interim Financial Statements, the Q3 2020 Comparative Information was restated to correct an error or adjust certain line items.

During the year ended 31 December 2020, the Group revised its estimation of the useful life of spare parts, reducing its assumption regarding such useful life from 20 years to 10 years. This change was reflected in the 2020 Audited Consolidated Financial Statements, effective as of 2 January 2020, and, in order to enable a comparison with the prior period, the Group restated the Q3 2020 Comparative Information. The impact of this restatement for the nine months ended 30 September 2020 is an increase of depreciation expense of TRY 94.4 million.

For more information, see Note 2 to the Q3 2021 Reviewed Interim Financial Statements, which are included in this Prospectus.

Comparative Financial Information as at and for the Year Ended 31 December 2019

In the 2020 Audited Consolidated Financial Statements, the 2019 Comparative Information was restated in order to reclassify certain line items in the consolidated income statement for the year ended 31 December 2019 as described in Note 2 to the 2020 Audited Consolidated Financial Statements.

The 2019 Comparative Information was restated in connection with:

- a sales and distribution agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("Doğadan"), a subsidiary of TCCC, pursuant to which the Group disposed of its sales and distribution activities for Doğadan brand products in Turkey as of April 30, 2020; as such, the Doğadan business was classified in the Group's Soft Drinks segment as discontinued operations; and
- the classification of the interest paid and received in the statement of cash flow within Net cash used in financing activities.

The results of the Doğadan business were classified as discontinued operations in accordance with TFRS 5 in the 2019 Comparative Information. As a result of the reclassification, revenue of TRY 237.2 million, cost of sales of TRY 212.0 million, sales, distribution and marketing expenses of TRY 21.8 million and tax expense of TRY 0.8 million were presented in profit from discontinued operations in the 2019 Comparative Information.

Interest received and interest paid were classified as Net cash used in financing activities in the 2019 Comparative Information included in the 2020 Audited Consolidated Financial Statements. However, in the 2019 Audited Consolidated Financial Statements, interest paid and received were classified as Net cash generated in operating activities. The impact of this reclassification on the 2019 Comparative Information was an increase of Net cash generated in operating activities of TRY 153 million and a decrease of TRY 153 million in Net cash used in Financing Activities.

Comparative Financial Information as at and for the Year Ended 31 December 2018

In the 2019 Audited Consolidated Financial Statements, the 2018 Comparative Information was restated due to adoption of new and amended standards. For a table showing the impact of the restatement on the 2018 Comparative Information, which is included in the 2019 Audited Consolidated Financial Statements, see Note 2 to the 2019 Audited Consolidated Financial Statements, which are included in this Prospectus.

Non-TAS Financial Measures

Non-TAS financial measures are certain financial measures and ratios that are not required by, or presented in accordance with, TAS or any other generally accepted accounting principles. This Prospectus includes certain non-TAS measures and ratios, including adjusted earnings before interest, taxes, depreciation and amortisation ("Adjusted EBITDA"), Adjusted EBITDA margin, capital expenditures, capital expenditures to net revenue, free cash flow, net working capital, net working capital to net revenue, adjusted earnings before interest and taxes ("Adjusted EBIT"), net finance charges, Adjusted EBIT to net finance charges, gross debt, net debt, net debt in US dollars and net debt to Adjusted EBITDA. These are not measures of financial performance under IFRS or Turkish Accounting Standards.

Adjusted EBITDA, Adjusted EBITDA margin, capital expenditures, capital expenditures to net revenue, free cash flow, net working capital, net working capital to net revenue, Adjusted EBIT, net finance charges, Adjusted EBIT to net finance charges, gross debt, net debt, net debt in US dollars, net debt to Adjusted EBITDA and other similar non-TAS measures should not be considered in isolation or as an alternative net profit, to profit from operations, cash flow from operating activities or other financial measures of the Company's results of operations or liquidity derived in accordance with IFRS or Turkish Accounting Standards. The Group presents these non-TAS measures in this Prospectus because it believes that they are useful measures of the Group's operating performance or liquidity. Even though the non-TAS Financial Measures are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows as reported under TFRS. Other companies, including those in the Group's industry, may calculate similarly titled financial measures in a manner different to that of the Group. Because all companies do not calculate these financial measures in the same manner and, the Group's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. See "*Selected Financial Information—Non-TAS Financial Measures*" for the reconciliations of the non-TAS measures to the closest TFRS measure.

Definitions

Measure	**Definition**	**Relevance of its Use**
Adjusted EBITDA	Adjusted EBITDA is Net profit/(loss) before net (Loss)/profit from discontinued operations, tax expense of continuing operations, financial expenses, financial income, gain/loss from joint ventures, loss from investing activities, gain from investing activities, depreciation and amortization; provision for employee benefits; foreign exchange gains/(losses) (excluding amounts reported within other operating income and other operating expense) and amortisation expense of right of use asset	The Group uses Adjusted EBITDA to measure earnings including depreciation, amortisation and other relevant non-cash items in order to assess the core operating profit and performance of the Group including the effects of depreciation and amortisation from fixed assets and non-cash items, including foreign exchange gains or losses from operational activities, provisions for employee benefits, investing income/expense and discontinued operations.
Adjusted EBITDA Margin	Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net revenue.	The Group uses Adjusted EBITDA Margin to measure the performance and efficiency of the Group's core operations considering the effect of depreciation and amortisation from capital expenditure.
Capital expenditures	Capital expenditures is the sum of additions in property, plant and equipment and additions in intangibles assets	The Group uses the Capital expenditure as a relevant measure to gauge the amount of the annual investment in fixed and intangible assets to reach future targets.
Capital expenditures to net revenue	Ratio of capital expenditures to net revenue is capital expenditure divided by net revenue.	The Group uses the Ratio of capital expenditures to net revenue to gauge how much the Company is investing to facilitate future growth.
Free cash flow	Free cash flow is Cash flows from operating activities adjusted for cash outflows arising from purchase of property, plant, equipment and intangible assets, cash outflow due to lease liabilities, interest paid and interest received.	The Group uses Free cash flow because it is the measure of the Group's funds available for acquisition related payments, dividends to shareowners, share repurchases and debt repayment. The purpose of presenting free cash flow is to indicate the ongoing cash generation within the control of the Group after taking account of the necessary cash expenditures of maintaining the capital and operating structure of the Group.
Net working capital	Net working capital is current Trade receivables plus Inventories plus Other current assets minus Trade payables and Other current liabilities	The Group uses Net working capital to assess the efficiency, liquidity and overall financial health.
Net working capital to net revenue	Net working capital divided by net revenue	The Group uses Net working capital to net revenue to measure how efficiently the Group is using its working capital to support a given level of sales.
Adjusted EBIT	Adjusted EBIT is Net profit/(loss) before net (Loss)/profit from discontinued operations, tax expense of continuing operations, financial expenses, financial income, gain/loss	The Group uses Adjusted EBIT in order to assess the core operating profit and performance of the Group, including the effects of depreciation and amortisation from fixed assets,

	from joint ventures, loss from investing activities and gain from investing activities.	including foreign exchange gains or losses from operational activities, provisions for employee benefits and rediscount income/expense.
Net finance charges	Net finance charges is defined as interest income plus other financial income/(expense) and minus interest expense.	The Group uses Net finance charges to track the cost of its financing activity.
Adjusted EBIT to net finance charges	Adjusted EBIT to net finance charges is Adjusted EBIT as a percentage of net finance charges.	The Group uses Adjusted EBIT to net finance charges to measure the coverage of earnings to cost of financing.
Gross debt	Gross debt is the sum of Short-term borrowings, Current portion of long-term borrowings and Long-term borrowings.	The Group uses Gross net to measure total amount of debt.
Net debt	Net debt is calculated as Gross debt adjusted by Cash and cash and equivalents and Financial Investments	The Group uses Net Debt to understand the net position of financial debt or cash.
Net debt in USD	Net debt in USD is net debt converted into US dollars at the period-end exchange rate of US$1 = 7.3405, US$1 = TRY 5.9402 and US$1 = TRY 5.2609 as at 31 December 2020, 2019 and 2018, respectively.	The Group uses Net debt in USD to neutralise foreign exchange impact and to better illustrate the underlying change in net debt from one year to the next, the Group has adopted the practice of discussing net debt in both reportable currency and US dollar currency.
Net debt to Adjusted EBITDA	Net debt to Adjusted EBITDA is Net debt as a percentage of Adjusted EBITDA.	The Group uses Net debt to Adjusted EBITDA to gauge the Group's financial health. The ratio shows its ability to cover its debt obligations through earnings.

Adjusted EBITDA and Adjusted EBITDA Margin

The following table sets forth a reconciliation of the Group's profit/(loss) from operations to Adjusted EBITDA for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		**Year ended 31 December**		
	2020	**2021**	**2018**	**2019**	**2020**
			(TRY millions)		
Net profit/ (loss)	1,402	2,240	351	942	1,314
Net (Loss) / Profit from Discontinued Operations	(4)	—	—	3	(4)
Tax expense of continuing operations	(436)	(623)	(194)	(246)	(448)
Financial expenses	(942)	(987)	(2,598)	(771)	(1,345)
Financial income	832	969	1,886	436	1,056
Gain/loss from joint ventures	81	196	8	14	17
Loss from investing activities	(17)	(224)	(17)	(11)	(101)
Gain from investing activities	(3)	(3)	(1)	(0)	(3)

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
			(TRY millions)		
Depreciation and amortisation	678	776	634	694	919
Provision for employee benefits	29	34	20	40	35
Foreign exchange gains/(losses)[(1)]	19	35	(3)	27	41
Adjusted EBITDA	**2,620**	**3,758**	**1,919**	**2,279**	**3,137**
Net Revenue	11,207	16,365	10,623	12,008	14,391
Adjusted EBITDA Margin (%)	**23.4**	**23.0**	**18.1**	**19.0**	**21.8**

Note:

(1) Excludes amounts reported within Other operating income and Other operating expense

Capital Expenditure and Capital expenditures to net revenue

The following table sets forth a reconciliation of Capital Expenditure and Capital expenditures to net revenue for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
			(TRY millions)		
Additions of property, plant and equipment	412	769	851	642	592
Additions of intangible assets	445	620	60	124	74
Capital expenditure	**457**	**831**	**857**	**766**	**666**
Net Revenue	11,207	16,365	10,623	12,008	14,391
Capital expenditures to net revenue (%)	**4.1%**	**5.1%**	**8.1%**	**6.4%**	**4.6%**

Free cash flow

The following table illustrates the methodology the Group uses to determine free cash flow for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
			(TRY millions)		
Net cash generated from operating activities	2,638	3,704	1,810	2,032	2,906

	Nine months ended 30 September		Year ended 31 December		
	2020	2021	2018	2019	2020
			(TRY millions)		
Cash outflows arising from purchase of property, plant, equipment and intangible assets	(457)	(831)	(858)	(766)	(666)
Cash outflow due to lease liabilities	(57)	(78)	(52)	(32)	(59)
Interest paid[(1)]	(290)	(401)	(389)	(299)	(343)
Interest received[(1)]	84	106	216	146	149
Free Cash Flow	**1,918**	**2,499**	**727**	**1,081**	**1,987**

Note:

(1) The 2019 Comparative Information included in the 2020 Audited Consolidated Financial Statements was restated for the classification of interest paid and received as Net cash used in financing activities, whereas in the 2019 Audited Consolidated Financial Statements and 2018 Audited Consolidated Financial Statements interest paid and received were classified as Net cash generated in operating activities.

Net working capital and Net working capital to net revenue

The following table illustrates the methodology the Group uses to determine Net working capital and Net working capital to net revenue for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	2021	2018	2019	2020
			(TRY millions, except percentages)		
Trade receivables	1,606	2,354	751	910	1,092
Inventories	1,094	1,622	804	872	1,041
Other current assets	783	1,112	672	751	900
Trade payables	2,240	3,465	1,294	1,481	1,837
Other current liabilities	1,154	2,632	456	562	1,186
Net working capital	**89**	**(1,009)**	**476.36**	**489.26**	**10.38**
Net revenue	13,427	19,549	10,623	12,008	14,391
Net working capital to net revenue (%)	**0.7**	**(5.2)**	**4.5**	**4.1**	**0.1**

Adjusted EBIT, Net finance charges and Adjusted EBIT to net finance charges

The following table illustrates the methodology the Group uses to determine net finance charges and Adjusted EBIT to net finance charges for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
	(TRY millions, unless otherwise indicated)				
Net profit/ (loss)	1,402	2,240	351	942	1,314
Net (Loss) / Profit from Discontinued Operations	(4)	—	—	3	(4)
Tax expense of continuing operations	(436)	(623)	(194)	(246)	(448)
Financial expenses	(942)	(987)	(2,598)	(771)	(1,345)
Financial income	832	969	1,886	436	1,056
Gain/loss from joint ventures	81	196	8	14	17
Loss from investing activities	(17)	(224)	(17)	(11)	(101)
Gain from investing activities	(3)	(3)	(1)	(0)	(3)
Adjusted EBIT	**1,893**	**2,914**	**1,269**	**1,517**	**2,143**
Interest income	96	112	215	148	156
Interest expenses	(320)	(376)	(365)	(291)	(407)
Other financial income/(expenses)	2	14	6	(0)	2
Net finance charges	**(222)**	**(249)**	**(144)**	**(143)**	**(249)**
Adjusted EBIT/Net finance charges	**(8.5)**	**(11.7)**	**(8.8)**	**(10.6)**	**(8.6)**

Gross debt, Net debt, Net Debt to Adjusted EBITDA and Net debt in USD

The following table illustrates the methodology the Group uses to determine Gross debt, Net debt, Net debt in USD and Net Debt to Adjusted EBITDA for the nine month periods ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	Nine months ended 30 September		Year ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
	(TRY millions, unless otherwise indicated)				
Short-term borrowings	955	517	212	447	985
Current portion of long-term borrowings	262	348	734	1,046	315
Long-term borrowings	5,165	5,507	4,158	3,998	4,861
Gross debt	**6,382**	**6,373**	**5,104**	**5,491**	**6,160**
Cash and cash equivalents	4,610	4,528	2,290	2,823	4,661
Financial investments	222	96	21	110	23
Net debt	**1,550**	**1,749**	**2,793**	**2,559**	**1,477**
Adjusted EBITDA	2,620	3,758	1,919	2,279	3,137
Net debt / Adjusted EBITDA	**0.59**	**0.47**	**1.46**	**1.12**	**0.47**

	Nine months ended 30 September		Year ended 31 December		
	2020	2021	2018	2019	2020
	(TRY millions, unless otherwise indicated)				
Net debt (*US$ millions*)	**198**	**197**	**531**	**431**	**201**

Rounding

Certain numerical figures set out in this Prospectus, including financial data presented in thousands and millions and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set out in "*Operating and Financial Review*" are calculated using the numerical data in the Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Prospectus, as applicable, and not using the numerical data in the narrative description thereof. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row. Some percentages in tables in this Prospectus have also been rounded and accordingly the totals in these tables may not add up to 100 per cent.

Presentation of Operating Information

Average capacity utilisation information presented in this Prospectus is for 2020. Annual production capacity calculations are based on a formula provided by TCCC to all bottlers of TCCC beverages. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted efficiency and the calculation is made according to high season capacity utilisation rates. Because package mix may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years.

Currency Presentation and Exchange Rate Information

In this Prospectus: all references to "Turkish Lira" or "TRY" are to the lawful currency of Turkey; all references to "US dollars" or "US$" are to the lawful currency of the United States of America; and all references to "Euro" or "EUR" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Available Information

The Company has agreed that, for so long as any notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to and in compliance with section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "Exchange Act"), nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish upon request to any holder or beneficial owner of notes, or any prospective purchaser designated by any such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that may be considered to be "forward-looking statements" (as that term is defined in the US Private Securities Litigation Reform Act of 1995) relating to the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's businesses). When used in this Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "may", "will", "should" and any similar expression generally identify forward-looking statements. Forward-looking statements appear in a number of places throughout this Prospectus, including (without limitation) under "*Risk Factors*", "*Use of Proceeds*", "*Operating and Financial Review*" and "*The Group and Its Business*" and include, but are not limited to, statements regarding:

- strategy and objectives;
- factors affecting the Group's results of operations and financial condition;
- future developments in the markets in which the Group operates;
- anticipated regulatory changes in the markets in which the Group operates; and
- the Group's potential exposure to market risk and other risk factors.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements.

The Company has identified some of the risks inherent in these forward-looking statements under "*Risk Factors*". Important factors that could cause actual results to differ materially from those in these forward-looking statements include, among others:

- the impact of the COVID-19 pandemic and the government restrictions and lockdowns imposed in response to the pandemic;
- relations with TCCC, including with respect to the Group's bottlers' agreements, raw materials procurement, trademarks and marketing activities;
- economic and political conditions in the markets in which the Group operates, particularly Turkey, Kazakhstan, Pakistan and Iraq;
- demand for the Group's products and changing consumer preferences;
- increased competition;
- availability and price of raw materials, packaging, energy and water;
- changes in sales and excise taxes for the Group's products;
- currency exchange rate exposure;
- seasonal consumption cycles and weather patterns;
- operational or other risks that could cause substantial losses, including earthquakes in Turkey;
- regulatory requirements; and
- the Group's ability to successfully carry out further acquisitions and business integrations.

Should one or more of these factors or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. There may be other risks, including some risks of which the Company is unaware, that could adversely affect the Group's results or the accuracy of forward-looking statements in this Prospectus. Therefore, potential investors should not consider the factors discussed here or under "*Risk Factors*" to be a complete set of all potential risks or uncertainties of investing in the Notes.

Potential investors should not place undue reliance upon any forward-looking statements. The Company does not have any intention or obligation to update forward-looking statements to reflect new information or future events or risks that may cause the forward-looking events discussed in this Prospectus not to occur or to occur in a manner different from what the Company currently expects.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Notes, after deduction of commissions, fees and estimated expenses will be US$491,630,000.

The Company intends to use the net proceeds from the issuance of the Notes to finance the purchase of up to US$250 million of the aggregate principal amount outstanding of the 2024 Notes tender and accepted for purchase by the Company in accordance with the terms and conditions of the Tender Offer. The remaining proceeds of the issuance of the Notes will be used by the Company to refinance existing indebtedness, fund its capital expenditure programme and for general corporate purposes.

CAPITALISATION OF THE GROUP

The following table sets forth the cash and cash equivalents, financial investments and capitalisation of the Group as at 30 September 2021. The historical financial information as at 30 September 2021 has been extracted from the Q3 2021 Reviewed Interim Financial Statements , which are included elsewhere in this Prospectus. Prospective investors should read the following table in conjunction with "*Selected Financial Information*", "*Operating and Financial Review*" and the Consolidated Financial Statements, together with the respective notes thereto, included elsewhere in this Prospectus.

	As at 30 September 2021
	(TRY million)
Cash and cash equivalents	4,528
Total current borrowings[(1)]	866
Total non-current borrowings[(2)]	5,507
Total borrowings	**6,373**
Equity	
Total equity of the parent	**9,912**
Total capitalisation[(3)]	**16,284**

Notes:

(1) Total current borrowings includes the short-term borrowings and current portion of long-term borrowings.

(2) Total non-current borrowings are long-term borrowings, net of current portion.

(3) Total capitalisation is the sum of total current borrowings, total non-current borrowings and total equity of the parent.

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the results of operations and financial condition of the Group as at 30 September 2021 and for the periods ended 30 September 2021 and 2020 and as at and for the years ended 31 December 2020, 2019 and 2018. The following discussion and analysis should be read in conjunction with the Q3 2021 Reviewed Interim Financial Statements and the Audited Consolidated Financial Statements included elsewhere in this Prospectus, including the notes thereto, the information relating to the Group's business set out in "The Group and Its Business" and "Risk Factors" and other information about the Group included elsewhere in this Prospectus. This discussion and analysis contains forward-looking statements about the Group's future sales revenues, operating results and expectations that have not been audited and involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, the risks discussed in "Risk Factors" and "Forward-Looking Statements".

Overview

The Group principally prepares, packages, sells and distributes sparkling and still beverages trademarked by TCCC in 11 markets across Turkey, Central Asia, Pakistan and the Middle East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as at 30 September 2021, the Group was one of the 10 largest independent bottlers among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranked first, or in certain cases second, in all of the major markets in which it operates as at 30 September 2021, as measured by sparkling sales volume.

The Group, which had 29 bottling plants and approximately 870 thousand sales points as at 30 September 2021, has operations in Turkey, Kazakhstan, Pakistan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Uzbekistan, Jordan and Tajikistan. In addition, the Group has a 50 per cent. indirect ownership interest in CCI Syria through its subsidiary, CCI International Holland B.V., accounted for on an equity basis, through which the Group sells Coca-Cola products. Its beverages are supplied to a consumer base of over 430 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite3G, Schweppes, and Fanta, as well as still beverages such as fruit juice (Cappy, Minute Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), coffee and RTD ice tea (Fuse Tea).

As at 30 September 2021, the Group operated 10 bottling plants in Turkey (10 as at 31 December 2020) and in 2020 it had an annual bottling capacity of approximately 703 million unit cases, while in its international markets the Group operated 19 bottling plants as at 30 September 2021 (16 as at 31 December 2020) and in 2020 it had an annual bottling capacity of approximately 930 million unit cases.

The Group's performance for the year ended 31 December 2021 is expected to be generally in line with its performance for the nine months ended 30 September 2021, with continued sales volume growth across its segments, led by its international segment and the inclusion of Uzbekistan. The Group expects its sales volume growth to continue in 2022, although there may be some limited pressure on the Group's Adjusted EBITDA margin with the full-year impact of the consolidation of CCI Uzbekistan's operations and as a result of continued volatility in commodity prices. The Group also expects its capital expenditure as a percentage of net revenue to be slightly higher in 2022 than for the year ended 31 December 2021.

Significant Factors Affecting the Group's Financial and Operating Performance

The Group's performance and results of operations have been and continue to be affected by a number of factors, including restrictions and lockdowns imposed in response to COVID-19, macroeconomic conditions, sales volumes, prices for the Group's products, seasonal consumption cycles, weather conditions, changes in consumer preferences and changes in availability and prices of raw materials and packaging, prices of water and energy, foreign currency fluctuations and changes in taxes. See also "*Risk Factors*".

COVID-19 pandemic

The Group's results have been and continue to be negatively impacted by the COVID-19 pandemic and the actions taken in response to it, which have adversely affected the Group's sales volumes. Within the countries in which the Group operates, the spread of COVID-19 has caused illness, quarantines, curfews, cancellation of events and travel, business and school shutdowns, reductions in business activity and financial transactions, closures of sales channels, labour shortages, supply chain interruptions and overall economic and financial market instability. The public health crisis caused by the COVID-19 pandemic, as well as measures taken in response to contain or mitigate the pandemic, has had, and may continue to have, certain negative effects on its business. However, while sales of the Group's products have been significantly impacted by the implementation of social distancing and lockdown measures in its markets, the Group has been implementing contingency plans to mitigate the negative effects of the COVID-19 pandemic on the Group's operations, including focusing closely on its supply chain and responding quickly to supply chain, demand and other developments. The lifting of curfews and decreasing restrictions in the second half of 2021 had a positive effect both on market demand and on the Group's operations. Any future outbreak or recurrence of COVID-19 cases in those of the Group's markets that are currently in the process of easing social distancing and lockdown measures may result in the re-implementation of restrictive measures and a further negative impact on the Group's sales. Furthermore, if the COVID-19 pandemic intensifies and expands geographically or in duration, the negative impact on the Group's sales could be more prolonged and may become more severe.

In addition, while the Group has not experienced challenges to its ability to operate its production facilities as at the date of this Prospectus, in the future it may experience further disruption to its ability to operate its production facilities or distribution operations as a result of regulatory restrictions, safety protocols, social distancing requirements and heightened sanitation measures.

Furthermore, the Group has taken a series of actions to minimise its investment capital expenditure and increase its inventory as a result of the pandemic. It has also reviewed its current cash flow strategies, with the aim of maintaining a strong balance sheet and high liquidity.

Macroeconomic conditions

The Group's results have been in the past, and future results are likely to be, affected by economic conditions, including GDP growth, inflation and GDP per capita and disposable income, in one or more of the key markets in which the Group operates.

Soft drinks consumption in many of the countries in which the Group operates is closely linked to general economic conditions. For the soft drinks business, positive or negative GDP growth can affect demand, and can impact sales volumes and prices that can be achieved for soft drinks in the relevant markets. In general, soft drinks consumption levels tend to rise or fall in accordance with moves in per capita income, per capita disposable income and the perception of economic conditions and prospects.

Per capita income and per capita disposable income levels in many of the countries in which the Group operates are lower than respective average levels in more developed economies and have in recent years grown and are expected to continue to grow. Positive or negative changes in per capita income and disposable income resulting from economic conditions, changes in cost of living or taxes or due to other factors have affected and may in the future affect demand for soft drinks, leading to higher or lower consumption levels.

The following table presents certain macroeconomic data regarding Turkey:

	2018	2019	2020
		(%)	
GDP (real)[1]	3.1	0.9	1.8
Producer price index[2]	33.6	7.4	25.15
Consumer price index[2]	20.3	11.8	14.6

Notes:

(1) Source: As published by Bloomberg TurkStat.

(2) CBRT

The following table presents the GDP of certain of the Group's other key markets:

	2018	2019	2020
		(%)	
GDP (real)[1]			
Kazakhstan	4.1	4.5	(2.6)
Pakistan	5.5	2.1	(0.5)
Iraq	4.7	5.8	(15.7)

Note:

(1) Source: International Monetary Fund.

In Kazakhstan, the average population age is 31.6, while in Pakistan and Iraq it is 22 and 21.2, respectively, as reported in the Central Intelligence Agency (CIA) World Factbook.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for soft drinks products. In particular, adverse economic conditions have had and may have an impact in the future on general levels of consumption, leading to production overcapacity in the soft drinks industry, which may adversely affect product prices, while reduced investment in production capacity may, at other times, lead to under-capacity in the industry in general, or for certain producers, who can then be at a disadvantage as compared to their competitors.

Moreover, deteriorating economic and political conditions in many of the Group's major markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence or economic slowdowns or recessions could cause a further decrease in demand for the Group's products. Even as governmental restrictions are lifted and economies gradually reopen in many of the Group's major markets, the ongoing economic impacts and health concerns associated with the COVID-19 pandemic may continue to affect consumer behaviour, spending levels and consumption preferences.

Sales volumes

The Group's results of operations are affected by its overall sales volume in each given period. As a general matter, the Group's revenues are positively impacted by growth in volumes, while the Group's revenues and margins benefit from economies of scale and greater utilisation of existing facilities. Product mix and pricing also have a significant impact on revenues and margins and are further discussed below under "*—Prices for the Group's products*".

The following table sets forth certain information regarding the Group's sales volume by segment for the nine months ended 30 September 2021 and 2020 and the years 2020, 2019 and 2018:

	Nine months ended 30 September		Year Ended 31 December		
	2020	**2021**	**2018**	**2019**	**2020**
Sales volume	*(million unit cases[1])*				
Segment					
Domestic	**406**	**467**	**650**	**554**	**512**
Sparkling beverages	296	338	360	373	373
Still beverages	43	53	61	63	55
Water	68	76	116	118	84
Tea[2]	-	-	114		-
International	**551**	**642**	**664**	**654**	**672**
Sparkling beverages	448	571	571	560	596
Still beverages	22	30	26	29	27
Water	40	41	67	65	48
Tea[2]	-	-	0.4		-
Consolidated[3]	**957**	**1,109**	**1,315**	**1,207[4]**	**1,184**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) Reflects sales of tea products, which the Group distributes in Turkey.

(3) After eliminations.

(4) 2018 figures include Doğadan sales which was later disposed of and is not included in 2019 and 2020.

Domestic

Sales volumes of soft drinks in the Domestic segment increased by 15.0 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020, due to the easing of COVID-19 restrictions as well as the Group's marketing campaigns, promotional efforts and higher product availability in the e-commerce channel. Sales volumes of soft drinks in Turkey declined by 7.5 per cent. in 2020 as a result of on-premise channel closures due to the COVID-19 pandemic. Despite robust performance of the sparkling, stills and water categories, sales volumes of soft drinks in Turkey decreased by 14.8 per cent. in 2019 due to the restatement of 2019 volumes due to the exclusion of tea volumes, in connection with the Doğadan disposal. If tea sales were included in 2019 figures, sales volume would have increased 1.8 per cent.

International

Sales volumes of soft drinks in international operations increased by 16.6 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020, reflecting strong performance in all categories, partially supported by the easing of COVID-19 related restrictions in the third quarter. In 2020, sales volumes of soft drinks in the international operations grew by 2.8 per cent., primarily as a result of 6.5 per cent. growth in the sparkling category. In 2019, sales volumes of soft drinks in the international operations declined by 1.6 per cent. due to a slowdown in Pakistan and a continued production stoppage in Turkmenistan, which was due to strict government controls on currency convertibility and difficulties procuring raw materials.

In particular, sales volumes of soft drinks in Pakistan increased by 19.7 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020. In 2020, sales volumes of soft drinks in Pakistan increased by 5.2 per cent. as compared to 2019 as a result of the Group's increased focus on at-home consumption, which it achieved by executing consumer promotions and creating focused regional marketing plans. In 2019, sales volumes of soft drinks in Pakistan decreased by 7.8 per cent., reflecting weak macroeconomic conditions and a difficult competitive environment. Sales volumes of soft drinks in Kazakhstan increased by 16.1 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020, reflecting the easing of COVID-19 restrictions, along with increasing vaccination rates, better promotion management, effective utilisation of marketing campaigns and favourable weather conditions. Sales volumes of soft drinks in Kazakhstan increased by 0.4 per cent. in 2020 as compared to 2019 and increased by 13 per cent. in 2019 as compared to 2018, respectively, primarily as a result of strong successful marketing campaigns, and cooler placements.

Prices for the Group's products

Impact of raw material prices

The Group generally sets prices for its products by reference to a number of factors in each local market in which it operates, including affordability, customer demand, consumer trends and preferences, macroeconomic conditions, inflation, competition and pricing pressures, and taxation of beverages, while also considering cost of sales, including cost of raw materials, utilities, transportation and other factors. Through its pricing policy, the Group aims to increase sales volumes, while maintaining sound profit margins.

The Group prices its beverage products so as to reflect changes in prices of raw materials (other than concentrate) and packaging, inflation and taking competition into account. See "*—Changes in the availability or price of raw materials and packaging*" and "*—Volatility in prices of sugar, aluminium and PET resin*" below for a further discussion of raw material costs. As a significant part of the Group's cost of sales are locally incurred and denominated (including concentrate, which in certain of the Group's more significant markets is priced in local currency), the Group's cost base tends to be aligned with local market conditions and the Group enjoys certain flexibility in terms of pricing its products at levels that allow it to maintain both its profitability and affordability goals across different markets with different dynamics.

Cost of concentrate for sparkling beverages represents one of the most significant raw materials costs for the Group's business at approximately one-third of its raw materials cost. The Group is required to buy concentrate and beverage bases from TCCC, or its authorised suppliers, at prices established by TCCC. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. See "*The Group and Its Business—Business Overview—Relationship with TCCC*".

Impact of product mix

Product mix in terms of the sparkling and still beverage categories, and within each of these categories (such as water and tea in the still category), also affects average sales prices and margins, with sparkling beverages typically generating higher margins compared to still beverages, while within the still category, RTD ice tea and other still beverages typically generate higher margins compared to water. Furthermore, within each category, immediate consumption products tend to have higher sales prices and margins than future consumption products and small packages also usually generate higher margins.

Net revenue per case

A key pricing performance indicator monitored by the Group is net revenue per unit case. The Group generally measures its net revenue per unit case of soft drinks by dividing net revenue by sales volumes (millions of unit cases of soft drinks sold). As a result, net revenue per unit case set out below is presented net of the impact of taxes (including excise tax on beverages). With effect from 1 January 2017, the Group changed the functional currency of its foreign subsidiaries and joint ventures to the relevant local currency, in order to better reflect the currency of the primary economic environment for the relevant operations, as well as the currency that influences sales prices, in which receipts from operating activities are retained and that influences costs and other expenses.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks for the nine months ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		**Year Ended 31 December**		
Net revenue per unit case	**2020**	**2021**	**2018**	**2019**	**2020**
Segment					
Domestic (*TRY per unit case*[(1)])......................	11.9	14.3	7.2[(4)]	10.0	12.1
International (*US dollar per unit case*[(1)])	1.7	1.9	1.8[(4)]	1.7	1.7
International (*TRY per unit case*[(1)])..................	11.6	15.1	8.9[(4)]	9.9	12.2
Consolidated[(2)] (*TRY[(3)] per unit case*[(1)]).........	**11.7**	**14.8**	**8.1[(4)]**	**9.9**	**12.2**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Turkish Lira at the exchange rate of TRY 7.0034, TRY 5.6712 and TRY 4.8301 Lira per US dollar for 2020, 2019 and 2018, respectively, and at the exchange rate of TRY 6.71 and TRY 8.10 per US dollar for the nine months ended 30 September 2020 and 2021, respectively.

(4) 2018 figures include Doğadan sales which was later disposed of and is not included in 2019 and 2020.

Net revenue per unit case in Turkey increased by 19.8 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020, primarily as a result of growing carbonated soft drinks sales, higher immediate consumption share as compared to the previous year and timely price increases. Net revenue per unit case in domestic operations increased by 21.1 per cent. in 2020, as compared to 2019, reflecting the growing share of the sparkling category in the Group's total sales, price adjustments and revenue growth management initiatives such as premiumisation, focused consumer campaigns and better discount management. Net revenue per unit case in domestic operations increased by 38.3 per cent. in 2019, as compared to 2018, driven by price adjustments, strong sales growth in the on-premise channel and a higher share of immediate consumption sales in the total sales mix.

Net revenue per unit case in international operations increased by 30.9 per cent. in the nine months ended 30 September 2021, as compared to the same period in 2020, on a Turkish Lira basis, primarily as a result of strategic revenue growth management initiatives, including package/region-based price adjustments, effective discount management and improved category mix. Net revenue per unit case in the international operations increased by 23.1 per cent. in 2020, on a Turkish Lira basis, as compared to 2019, primarily reflecting the Group's commitment to revenue growth initiatives. Net revenue per unit case in the international operations increased by 11.1 per cent. in 2019, on a Turkish Lira basis, as compared to 2018, primarily reflecting net revenue per unit case growth in Central Asia and Pakistan, as well as the impact of currency conversion.

Production levels

As at 30 September 2021, the Group operated 10 bottling facilities in Turkey, which in 2020 had a total annual bottling capacity of 703 million unit cases. As at 30 September 2021, the Group also operated 19 bottling facilities in Kazakhstan, Pakistan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Uzbekistan, Jordan and Tajikistan, and in 2020 these bottling facilities had an annual bottling capacity of approximately 930 million unit cases.

The Group aims to operate its production facilities at such capacity levels as to increase operating efficiency and ensure that production levels sufficiently cover demand for its products in the relevant markets. As demand for soft drinks usually increases when temperatures rise and particularly during the summer months, the Group usually tends to increase production in the spring in order to adequately cover demand during its peak. See below "*—Weather conditions*".

The following tables set forth certain information about the bottling facilities of the Company:

	Number of facilities			
	As at 30 September 2021	**As at 31 December 2020**	**Capacity 2020**	**Average capacity utilised, 2020[1]**
Bottling facilities			*(million unit cases[2])*	*(%)*
Turkey	10	10	703	73
Kazakhstan	2	2	181	82
Pakistan	6	6	432	75
Northern Iraq	1	1	41	91
Southern Iraq	2	2	116	57
Azerbaijan	1	1	66	72
Turkmenistan	1	1	29	18
Kyrgyzstan	1	1	19	107
Uzbekistan	3	0	N/A	N/A
Jordan	1	1	32	50
Tajikistan	1	1	14	47
Total	**29**	**26**	**1.633**	

Notes:

(1) Annual production capacity calculations are based on a formula provided by TCCC to all bottlers of TCCC beverages. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted efficiency and the calculation is made according to high season capacity utilisation rates. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years.

(2) One unit case represents 5.678 litres or 192 US fluid ounces.

Weather conditions

Demand for the Group's products can be affected by weather conditions. The Group experiences the strongest demand for its products when temperatures rise and particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the summer or spring months, have in the past had an adverse effect on sales volumes, and could also impact demand in the future.

Changes in the availability or price of raw materials and packaging

A significant portion of the Group's cost of sales relates to raw materials, primarily carbon dioxide, HFCS, concentrate, sugar, cardboard boxes and packaging raw materials, such as aluminium cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film. Raw materials costs typically account for approximately 85 per cent. of the cost of goods sold, with concentrate, sugar/sweetener and packaging materials representing 30 per cent., 20 per cent. and 33 per cent., respectively, of its cost of goods sold in 2021. Most of these raw materials are either commodities or are sourced from commodities, which are aimed to be sourced locally as much as possible. The supply and prices of raw materials and packaging used by the Group can fluctuate widely as a result of a number of factors, including crop production levels around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. Prices of these materials are also determined by the relative bargaining power of the suppliers, which can increase through further consolidation of suppliers, thus reducing supply alternatives for the Group.

The Group tries to manage the timing and prices at which it purchases raw materials and packaging in order to secure lower prices, and to price its products in such a way as to pass on raw material and packaging price increases to its consumers. Certain of the Group's purchase arrangements for raw and packaging materials are for longer periods, although the Group usually renegotiates them on a half-yearly or quarterly basis. While some are linked to market prices, which can fluctuate, for other purchases the Group may fix prices with its suppliers by pre-paying for sugar and aluminium purchases or agreeing a fixed price for a specified period. As a result, the Group may in certain cases secure advantageous low prices for raw materials when purchasing at the lows of price cycles, but may also fail to benefit from lower prices when it has fixed its purchase agreements at higher price levels.

Volatility in prices of sugar, aluminium and PET resin

The Group's raw material requirements include sugar, aluminium and PET resin. The prices of these raw materials are volatile and are affected by numerous factors, including, but not limited to:

- international economic and political conditions;
- changes in global supply and demand; and
- actions of participants in the commodities markets.

In Turkey, domestic sugar prices are set by the Turkish Government, and as a result, the Group is required to buy sugar locally, typically at much higher prices than those in the international market generally. As at

30 September 2021, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented approximately 95 per cent. of the volume of the Group's sweetener purchases for its domestic operations. In Turkey, the Group has historically used HFCS as an alternative to sugar, to the extent permitted by local regulation and availability of HFCS, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices. The crystal sugar price per ton in Turkey as at 30 September 2021 was approximately US$569 (TRY 4,869).

The Group uses various tools to hedge its exposure to the cost of raw materials, including fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 100 per cent. of the expected average 2021 sugar price with its suppliers. In Turkey, the Group has to buy sugar locally, often at much higher prices than those in the international market generally, as a result of Turkish sugar quota legislation, and there is no market in which to hedge the expected Turkish sugar prices. The Group also used derivative instruments to hedge the prices for approximately 92 per cent. of its aluminium needs and100 per cent. of its PET resin needs for 2021. If the markets experience a significant decrease in the prices of sugar or aluminium, the Group could be required to pay more than the market cost for these materials. These hedging arrangements expose the Group to the credit risk of its counterparties and limit its upside when the price of sugar or aluminium decreases, at least for the part of its raw materials needs that are hedged. The Group may not be able to secure hedging arrangements at acceptable costs and other terms, or at all, in the future and this could negatively impact its cost of sales, if such costs were to rise.

In recent years, market prices for sugar, aluminium and PET resin have fluctuated significantly. Average LIFFE No5 sugar prices per ton (which are relevant for the Group's international sugar needs) were US$344 in 2018, decreasing to US$333 in 2019 and then increasing to US$376 in 2020. Average aluminium and PET resin prices similarly fluctuated between 2018 to 2020. Average London Metal Exchange prices per ton for aluminium were US$2,110 in 2018, US$1,792 in 2019, US$1,702 in 2020 and US$2,647 in 2021, while average resin prices were US$1,270 in 2018, US$972 in 2019 and US$717 in 2020. In Pakistan, there is one TCCC-approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 12 per cent. custom duty (including duty and other custom charges) and any such duty could impact CCI Pakistan's and the Group's margins.

Prices of water and energy

The Group's production of soft drinks requires the consumption of large amounts of water. Changes in precipitation patterns and other weather events may affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the Group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation may result in increases to the Group's manufacturing costs. In Turkey, for example, a consolidated water use and water management law is being discussed that could introduce charges for the commercial use of water.

Interruptions in the supply of energy or significant increases in energy prices could also have an adverse effect on the Group's operating and financial performance. The Group uses substantial amounts of electricity, natural gas and other energy sources to operate its bottling plants. Energy prices have been subject to significant price volatility in the recent past and may be volatile in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain jurisdictions, may have an adverse effect on the Group's operating income and profitability in certain markets.

In recent years, in most of the key markets in which the Group operates, price increases for water and energy have, with limited exceptions, been broadly in line with inflation.

Changes in taxes

Taxation on the Group's beverages in the countries in which it operates comprises different taxes specific to the Group's products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as VAT. Taxation is under the sovereign authority of the governments. As a multinational soft drink manufacturer in the fast-moving consumer goods (FMCG) sector, CCI faces the risk of tax increases like any other comparable manufacturer. In addition to regular taxation, our products might be subject to taxes like an excise tax in each jurisdiction.

Indirect taxes for the specific types of beverages can be seen in different countries as excise taxes or other terms. Examples of locations with indirect taxes include Turkey (soft drinks including juices except for 100 percent), Pakistan, Jordan (for sparkling beverages), and Tajikistan. As a result of excise and other indirect taxes, the price of soft drinks charged to customers may increase.

In Turkey, an excise tax of 10 per cent. applies to all carbonated and non-carbonated soft drinks. Cola drinks are differentiated from other sparkling beverages in this framework. The excise tax rate of cola drinks reached 35 per cent. after a 10 per cent. hike in 2020 during the pandemic. Currently, 0 per cent. applies to 100 per cent juice and still or mineral water.

In Pakistan, an excise tax of 13 per cent. applies to the sales of sparkling beverages, in addition to VAT. In Jordan, an excise tax of 15 per cent. applies to sales of carbonated products only. In Tajikistan, a 0.02 Euro excise tax per litre applies to still and carbonated soft drinks and a 0.03 Euro excise tax applies to tea. See also "*Risk Factors—Risks Related to the Group's Business—Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business*".

In Kazakhstan, the Ministry of Health has proposed an excise tax on sugar-containing beverages from 2023, as a part of the "Healthy Nation" national programme. The programme was signed by the president of Kazakhstan in November 2021. The type of tax, rate and scope have not yet been determined, and tax authorities are currently working on the format of the tax. In the first draft of the legislation, a per-litre tax of 5 tenge, 10 tenge or 15 tenge has been proposed. There is also no legal definition of "sugar-containing beverages" in Kazakhstan legislation. Health taxes or sugar taxes are currently under discussion in several other jurisdictions in which the Group operates, although no jurisdiction where the Group currently operates has introduced de facto "sugar" taxes.

Increases in excise and other indirect taxes applicable to the Group's products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging consumers to switch to different categories of beverages. These increases can also adversely affect the affordability of the Group's products and its profitability. On the other hand, in certain jurisdictions the Group may benefit from certain exemptions from specific taxes, such as corporate income tax.

Foreign currency fluctuations

The Company presents its consolidated financial statements in Turkish Lira, which is the functional currency of the Company and its Turkish subsidiaries.

The following table sets out average and period end exchange rates of the US dollar against the Turkish Lira for the periods indicated:

	US$/TRY	
Period	**Average**	**Period end**
Year ended 31 December		

	US$/TRY	
Period	**Average**	**Period end**
2020	7.0034	7.3405
2019	5.6712	5.9402
2018	4.8301	5.2609
Nine months ended 30 September		
2020	6.7142	7.8700
2021	8.0961	8.8433

The Turkish Lira has demonstrated a significant degree of volatility in recent years, with particularly sharp depreciation, which has increased the foreign currency risk for the Group. In particular, the value of the Turkish Lira depreciated against major currencies in recent years due to factors including increased risk perception in global markets regarding the market's expectation of the US Federal Reserve's increase of the US federal funds rate, and investors' perception of the Turkish political and economic environment. In nominal terms, between 31 December 2017 and 14 August 2018, the Turkish Lira depreciated by 80.6 per cent. against the US dollar. Following the announcement of measures to support the financial markets and prevent volatility in the currency market on 14 August 2018, the Turkish Lira appreciated by 23.5 per cent. against the US dollar by 31 December 2018. However, between 31 December 2018 and 31 December 2020, the currency depreciated by 39.5 per cent. Following the dismissal of the Governor of the Central Bank of Turkey on 20 March 2021, the Turkish Lira depreciated by a further 13.4 per cent. against the US dollar by 31 March 2021. Lastly, following consecutive decreases in interest rates by the Central Bank in late 2021, the Turkish Lira depreciated by a further 33.2 per cent. against the US dollar by 18 November 2021.

As of 30 September 2021, approximately 75 per cent. of the Group's cost of goods sold were incurred in local currencies, with the balance being incurred in hard currency. As such, the Group also seeks to hedge a portion of its foreign currency exposure due to raw material purchases through holding foreign currency time deposits and financial hedges. Based on its planned raw material purchases, the Group assesses the volatility in cash flows that is attributable to commodity prices in foreign currencies, and hedges its risk associated with foreign exchange fluctuations by reserving some portion of its foreign currency time deposits for highly probable future transactions. Changes in the fair value of these hedges are recognised in other comprehensive income and taken to a separate component of equity, and any ineffective portion of the change in the fair value of the hedging instrument is recognised directly in income statement. While the Group incurs its capital and operating expenses and derives its net revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are denominated in US dollars, Euros, Turkish Lira, Kazakh Tenge, and Pakistani Rupee. As at 30 September 2021, 77 per cent., 8 per cent. and 2 per cent. of the Group's long-term borrowings (including the current portion thereof) were denominated in US dollars, Euros and Kazakh Tenge, respectively. Moreover, 8 per cent. and 2 per cent. of the Group's short-term borrowings (excluding the current portion long-term borrowings) were denominated in Turkish Lira and Pakistan Rupees, respectively, while 1 per cent. and 1 per cent. of such short-term borrowings were denominated in Kazakh Tenge and Euro, respectively. Of its total borrowings, 68 per cent. were denominated in US dollars, 17 per cent. was denominated in Turkish Lira, 10 per cent. was denominated in Euros and 5 per cent. was denominated in other currencies.

As a 30 September 2021, the Group had a net long foreign exchange position of US$118 million, due to US$722 million in foreign exchange-denominated debt, as offset by US$222 million in foreign exchange cash reserves, US$150 million in cross-currency swaps and a US$469 million net investment hedge.

Segmentation

The Group allocates its operations into two reporting segments, which management uses for monitoring the performance of its business. These Group's reporting segments are as follows.

- Domestic – The Domestic segment consists of the Group's operations in Turkey.
- International – The Group's International segment consists of the Group's operations outside of Turkey.

Explanation of Key Consolidated Income Statement Items

Net revenue

Net revenue represents net sales after deducting excise tax and certain deductions relating to contributions for marketing and promotions paid to customers, and sales and other discounts (mainly for dealers and distributors) from the Group's gross sales revenue. The Group derives its net revenue from the sale of soft drinks in its domestic market of Turkey and internationally across a broad region that includes Kazakhstan, Pakistan and countries in the Central Asia and Middle East.

Cost of sales

Cost of sales comprises raw material cost, depreciation and amortisation, personnel expenses and other expenses. In the three years ended 31 December 2020, 2019 and 2018, raw materials costs comprised 84 per cent., 85 per cent. and 85 per cent., respectively, of the total cost of sales. Cost of sales relates to the Group's production facilities and those personnel associated with its production activities.

Raw material cost. Raw material cost includes concentrate, sugar, sweetener and packaging raw materials, such as glass, PET resin and aluminium cans.

Depreciation and amortisation. Depreciation and amortisation expenses includes depreciation and amortisation charges for tangible and intangible assets.

Personnel expenses. Personnel expenses include wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions.

Other expenses. Other expenses include energy and transportation costs and other cost-related expenditures.

Distribution, selling and marketing and expenses

Distribution, selling and marketing expenses comprise marketing and advertising expenses, personnel expenses, transportation expenses, depreciation on property, plant and equipment, maintenance expenses, utilities and communication expenses, rent expenses and other expenses. Such expenses relate to the Group's sales force and delivery and warehouse personnel.

They also encompass its marketing and advertising expenses, net of reimbursements from TCCC. In particular:

Marketing and advertising expenses. Marketing and advertising expenses are net of reimbursements from TCCC and include the cost of advertising signs, novelties and various customer-focused marketing activities.

Personnel expenses. Personnel expenses include wages and salaries and other expenses with respect to the Group's sales force, delivery truck and forklift drivers and warehouse employees.

Transportation expenses. Transportation expenses include the cost of gasoline and related expenses connected with operating the Group's sales vehicles, delivery trucks and forklifts.

Depreciation on property plant and equipment. Depreciation on property plant and equipment include the depreciation expense in relation to the Group's sales vehicles, delivery trucks and forklifts, as well as its coolers and other cold drink equipment.

Maintenance expenses. Maintenance expenses include expenses for the repair and maintenance of the Group's sales vehicles, delivery trucks and forklifts, as well as its coolers and other cold drink equipment.

General and administrative expenses

General and administrative expenses comprise personnel expenses, depreciation on property, plant and equipment, consulting and legal fees, utilities and communication expenses, provision for doubtful receivables, repair and maintenance expenses, rent expense and other expenses. General and administrative expenses relate to the Company's Group office operations and related functions (such as finance, information technology, human resources and legal) and the administrative and headquarter expenses of other Group members. In particular:

Personnel expenses. Personnel expenses include wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions. Personnel expenses constitute the most significant component of general and administration expenses, constituting 57 per cent., 57 per cent. and 54 per cent., respectively, of general and administration expenses in the years ended 31 December 2020, 2019 and 2018.

Depreciation on property, plant and equipment. Depreciation on property, plant and equipment include depreciation and amortisation charges for tangible and intangible assets.

Consulting and legal fees. Consulting and legal fees include tax, auditing, legal and other consulting fees.

Other expense. Other expenses include tax expenses (other than on income), insurance and expenditure on supplies such as stationery.

Other operating income

Other operating income primarily comprises the gain on sale of scrap materials, insurance compensation income, foreign exchange gains on non-financial transactions and other income.

Other operating expenses

Other operating expenses include donations, foreign exchange losses on non-financial transactions and certain other expenses.

Investing activities

Investing activities include gains and or losses on disposal of property, plant and equipment, impairment of fixed assets and impairment reversal on property, plant and equipment.

Joint Ventures

The Group's investment in joint ventures consolidated under the equity method of accounting is carried on its consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of joint ventures.

Financial income

Financial income principally comprises the interest income earned by the Group on time deposits, and foreign exchange gains on the revaluation of borrowings, as well as cash and cash equivalents.

Financial expenses

Financial expenses principally comprise the interest expense paid by the Group and foreign exchange losses on the revaluation of borrowings and cash and cash equivalents.

Current period tax expense

Current period tax expense includes the tax charge for the current period measured at the amount expected to be paid to the tax authorities. The tax expense is calculated in accordance with the tax laws enacted (or substantively enacted) at the balance sheet date in the countries where the relevant Group member operates. The corporate tax rate in Turkey for all fiscal periods that start in the years 2018, 2019 and 2020 has been temporarily increased from 20 per cent. to 22 per cent. The rate has been temporarily increased for the fiscal periods that start in the years 2021 and 2022 to 25 per cent. and 23 per cent., respectively. The rate of this net-basis income tax on corporate income is expected to be reduced back to 20 per cent. starting from the year 2023.

Deferred tax income/(expense)

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Operating and Financial Results

Results of Operations for the Nine Months Ended 30 September 2021 and 2020

The following table sets forth the Group's results of operations for the nine months ended 30 September 2021 and 2020, derived from the Q3 2021 Reviewed Interim Financial Statements :

	Nine months ended 30 September	
	2020[(1)]	**2021**
	(TRY millions)	
Net revenue	11,207	16,365
Cost of sales	(7,271)	(10,581)
Gross profit/(loss)	**3,936**	**5,784**
General and administration expenses	(473)	(587)
Distribution, selling and marketing expenses	(1,530)	(2,291)
Other operating income	215	180
Other operating expense	(256)	(171)
Profit/(Loss) from operations	**1,893**	**2,914**
Gain/(Loss) from investing activities	64	(29)
Gain/(Loss) from joint ventures	(3)	(3)
Profit/(Loss) before financial income/(expense)	**1,954**	**2,882**

	Nine months ended 30 September	
	2020[1]	2021
	(TRY millions)	
Financial income/(expense)	**(110)**	**(18)**
Financial income	832	969
Financial expenses	(942)	(987)
Profit/(Loss) before tax from continuing operations	**1,843**	**2,863**
Tax expense from continuing operations	**(436)**	**(623)**
Deferred tax income/(expense)	(70)	37
Current period tax expense	(367)	(660)
Net income/(loss) from continuing operations	**1,407**	**2,240**
Net profit/(loss) from discontinued operations	**(4)**	**—**
Net profit/(loss) for the period	**1,402**	**2,240**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been adjusted to correct an error in the classification of a provision amounting to TRY 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the reclassification, a credit of TRY 53.1 million was reclassified to current prepaid expense and a credit of TRY 4.5 million was reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For information on the corrections made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Net Revenue

The Group's net revenue was TRY 16,365 million for the nine months ended 30 September 2021, as compared to TRY 11,207 million for the nine months ended 30 September 2020, representing an increase of 46 per cent. (or TRY 5,158 million).

The following table sets forth the breakdown of the Group's revenue for the periods indicated:

	Nine months ended 30 September	
	2020	2021
	(TRY millions)	
Revenue		
Gross sales	18,595	27,409

	Nine months ended 30 September	
	2020	**2021**
	(TRY millions)	
Sales discounts	(6,199)	(9,214)
Other discounts[1]	(1,189)	(1,830)
Net revenue	**11,207**	**16,365**

Note:

(1) Other discounts mainly comprise excise taxes.

The following table sets forth the breakdown of the Group's net revenue by segment for the periods indicated:

	Nine months ended 30 September	
	2020	**2021**
	(TRY millions)	
Net revenue		
Segment		
Domestic	4,839	6,666
International	6,369	9,719
Elimination	(1)	(20)
Consolidated	**11,207**	**16,365**

The following table sets forth certain information regarding the Group's sales volume by segment for the periods indicated:

	Nine months ended 30 September	
	2020	**2021**
Sales volume	*(millions unit cases [1])*	
Segment		
Domestic	**406**	**467**
Sparkling beverages	296	338
Still beverages	43	53
Water	68	76

Sales volume	Nine months ended 30 September	
	2020	2021
	(millions unit cases [1])	
International	**551**	**642**
Sparkling beverages	488	571
Still beverages	22	30
Water	41	41
Consolidated[2]	**957**	**1,109**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks by segment for the periods indicated:

Net revenue per unit case	Nine months ended 30 September	
	2020	2021
Segment		
Domestic (*TRY per unit case[1]*)	11.9	14.3
International (*US dollar per unit case[1]*)	1.7	1.9
Consolidated[2] (*TRY[3] per unit case[1]*)	**11.7**	**14.8**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Turkish Lira at the exchange rate of TRY 6.7142 and TRY 8.0961 per US dollar for the nine months ended 30 September 2020 and 2021, respectively

Domestic. The Group's net revenue from domestic operations was TRY 6,666 million for the nine months ended 30 September 2021, as compared to TRY 4,839 million for the nine months ended 30 September 2020, representing an increase of 37.8 per cent. (or TRY 1,826 million).

The 37.8 per cent. increase in net revenue from domestic operations in the nine months ended 30 September 2021, as compared to the nine months ended 30 September 2020, was principally due to good carbonated soft drinks performance, timely price increases and a higher share of immediate consumption sales versus the previous year, led by reduced COVID-19 restrictions due to higher vaccinations rates. Sales volumes of sparkling beverages in Turkey increased by 14.3 per cent. in the first nine months of 2021, reflecting strong performance of the Coca-Cola and Coca-Cola Zero Sugar brands. While overall volumes increased in the first nine months of 2021, volumes of the more profitable immediate consumption purchases increased. In the nine months ended 30 September 2021, sales volumes of still beverages increased by 23.2 per cent. reflecting strong growth in the RTD ice tea and energy drink sub-categories.

International. The Group's net revenue from international operations was TRY 9,719 million for the nine months ended 30 September 2021, as compared to TRY 6,369 million for the nine months ended 30 September 2020, representing an increase of 52.6 per cent., or TRY 3,350 million. The TRY 3,350 million increase primarily reflected successful strategic revenue growth management initiatives such as premiumisation and focused consumer plans, including package/region-based price adjustments, effective discount management and improved category and channel mix due to reduced COVID-19 restrictions.

The increase in net revenue from international operations reflects an increase in sales volumes by 16.6 per cent. in the nine months ended 30 September 2021, as compared to the nine months ended 30 September 2020, which was principally driven by sparkling performance. Sales volume growth in Kazakhstan and Azerbaijan was 16.1 per cent. and 20.6 per cent., respectively, mainly driven by sparkling category. Pakistani sales volumes increased by 19.7 per cent., principally reflecting higher outlet and cooler penetration, improved route to market capabilities and improved promotion management.

In the nine months ended 30 September 2021, sales volumes of sparkling beverages in international operations increased by 16.9 per cent., while sales volumes of still beverages increased by 34.6 per cent.

US dollar net revenue per unit case increased by 8.5 per cent. in international operations, mainly reflecting successful strategic revenue growth management initiatives, including package/region-based price adjustments, effective discount management and improved category mix.

Cost of sales

The Group's cost of sales was TRY 10,581 million for the nine months ended 30 September 2021, as compared to TRY 7,271 million for the nine months ended 30 September 2020, representing an increase of 45.5 per cent. (or TRY 3,310 million.

Domestic. In the first nine months of 2021, the cost of sales for domestic operations increased by 45.3 per cent.

International. Cost of sales in international operations in the first nine months of 2021 increased by 46.1 per cent. (or TRY 2,013 million), as compared to the first nine months of 2020.

The following table sets forth the breakdown of the Group's cost of sales for the periods indicated:

	Nine months ended 30 September	
	2020[(1)]	**2021**
	(TRY millions)	
Cost of sales		
Raw material cost	6,163	9,128
Depreciation and amortisation	391	469
Personnel expenses	296	386

	Nine months ended 30 September	
	2020[1]	**2021**
	(TRY millions)	
Other expenses	421	598
Total	**7,271**	**10,581**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been adjusted to correct for an error in the classification of a provision amounting to TRL 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the reclassification, a credit of TRL 53.1 million was reclassified to current prepaid expense and a credit of TRL 4.5 million was reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For information on the corrections made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "Pres*entation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

The following table sets forth the Group's cost of sales by segment for the periods shown:

	Nine months ended 30 September	
	2020	**2021**
	(TRY millions)	
Cost of sales		
Segment		
Domestic	(2,903)	(4,218)
International	(4,369)	(6,382)
Elimination	1	19
Consolidated	**(7,271)**	**(10,581)**

The following table sets forth the Group's cost of sales on a per unit case basis for the periods shown:

	Nine months ended 30 September	
	2020	**2021**
	(TRY millions)	
Cost of sales on a per unit case basis		
Segment		

	Nine months ended 30 September	
	2020	2021
	(TRY millions)	
Domestic (*TRY per unit case*[(1)])	7.1	9.0
International (*TRY per unit case*[(1)])	7.9	9.9
Consolidated[(3)] (*TRY*[(2)] *per unit case*[(1)])	**7.6**	**9.5**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Turkish Lira at the exchange rate of TRY 6.7142 and TRY 8.0961 per US dollar for the nine months ended 30 September 2020 and 2021, respectively.

(3) After eliminations.

Raw material cost. The Group's raw material cost was TRY 9,128 million for the nine months ended 30 September 2021, as compared to TRY 6,163 million for the nine months ended 30 September 2020, representing an increase of 48.1 per cent. (or TRY 2.965 million). This increase was due to a significant increase in commodity prices.

Depreciation and amortisation. The Group's depreciation and amortisation expense relating to the cost of sales was TRY 469 million for the nine months ended 30 September 2021, as compared to TRY 390 million for the nine months ended 30 September 2020, representing an increase of 20.3 per cent. (or TRY 79 million). This increase was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

Personnel expenses. The Group's personnel expenses relating to the cost of sales were TRY 386 million for the nine months ended 30 September 2021, as compared to TRY 296 million for the nine months ended 30 September 2020, representing an increase of 30.4 per cent. (or TRY 90 million). This increase was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Other expenses. The Group's other expenses were TRY 598 million for the nine months ended 30 September 2021, as compared to TRY 422 million for the nine months ended 30 September 2020, representing an increase of 41.7 per cent. (or TRY 176 million). This increase was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Distribution, selling and marketing expenses

The Group's distribution, selling and marketing expenses were TRY 2,291 million for the nine months ended 30 September 2021, as compared to TRY 1,530 million for the nine months ended 30 September 2020, representing an increase of 49.8 per cent. (or TRY 761 million).

The following table sets forth the breakdown of the Group's distribution, selling and marketing expenses for the periods indicated:

	Nine months ended 30 September	
	2020[(1)]	2021
	(TRY millions)	
Distribution, selling and marketing expenses		
Marketing and advertising expenses	(319)	(724)
Personnel expenses	(392)	(484)
Transportation expenses	(422)	(623)
Depreciation on property, plant and equipment	(233)	(258)
Maintenance expenses	(36)	(54)
Utilities and communication expenses	(10)	(14)
Rent expenses	(5)	(8)
Other	(113)	(126)
Total	**(1,530)**	**(2,291)**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been adjusted to correct an error in the classification of a provision amounting to TRY 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the reclassification, a credit of TRY 53.1 million was reclassified to current prepaid expense and a credit of TRY 4.5 million was reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For information on the corrections made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Marketing and advertising expenses. The Group's marketing and advertising expenses were TRY 724 million for the nine months ended 30 September 2021, as compared to TRY 319 million for the nine months ended 30 September 2020, representing an increase of 127 per cent. (or TRY 405 million). This increase was due to increased direct marketing expenses related to the reopening of the on-premise channel and the gradual normalisation of pandemic conditions.

Personnel expenses. The Group's personnel expenses relating to distribution, selling and marketing expenses were TRY 484 million for the nine months ended 30 September 2021, as compared to TRY 392 million for the nine months ended 30 September 2020, representing an increase of 23.5 per cent. (or TRY 92 million). This increase was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Transportation expenses. The Group's transportation expenses were TRY 623 million for the nine months ended 30 September 2021, as compared to TRY 422 million for the nine months ended 30 September 2020, representing an increase of 47.6 per cent. (or TRY 201 million). This increase was due to an increase in volumes sold and the rise of fuel prices.

Depreciation on property, plant and equipment. The Group's depreciation on property, plant and equipment relating to distribution, selling and marketing activities were TRY 258 million for the nine months ended

30 September 2021, as compared to TRY 233 million for the nine months ended 30 September 2020, representing an increase of 10.7 per cent. (or TRY 25 million). This increase was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

General and administration expenses

The Group's general and administration expenses were TRY 587 million for the nine months ended 30 September 2021, as compared to TRY 473 million for the nine months ended 30 September 2020, representing an increase of 24.3 per cent. (or TRY 115 million).

The following table sets forth the breakdown of the Group's general and administrative expenses for the periods indicated:

	Nine months ended 30 September	
	2020[(1)]	**2021**
	(TRY millions)	
General and administration expenses		
Personnel expenses	(268)	(343)
Depreciation on property, plant and equipment	(38)	(49)
Consulting and legal fees	(23)	(47)
Utilities and communication expenses	(10)	(21)
Provision for doubtful receivables	(42)	(3)
Repair and maintenance expenses	(2)	(3)
Rent expenses	(3)	(1)
Other	(87)	(120)
Total	**(473)**	**(587)**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been adjusted to correct an error in the classification of a provision amounting to TRY 57.6 million, which related to prepaid expenses but was recorded in trade receivables. As a result of the reclassification, a credit of TRY 53.1 million was reclassified to current prepaid expense and a credit of TRY 4.5 million was reclassified to non-current prepaid expense. These reclassifications had no effect on losses and net profit for the year ended 31 December 2020. For information on the corrections made in the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Personnel expenses. The Group's personnel expenses relating to general and administration activities were TRY 343 million for the nine months ended 30 September 2021, as compared to TRY 268 million for the nine months ended 30 September 2020, representing an increase of 28 per cent. (or TRY 75 million). This increase was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Depreciation on property, plant and equipment. The Group's depreciation on property, plant and equipment relating to general and administration activities was TRY 49 million for the nine months ended 30 September

2021, as compared to TRY 38 million for the nine months ended 30 September 2020, representing an increase of 28.9 per cent. (or TRY 11 million). This increase was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

Consulting and legal fees. The Group's consulting and legal fees expense was TRY 47 million for the nine months ended 30 September 2021, as compared to TRY 23 million for the nine months ended 30 September 2020, representing an increase of 104.3 per cent. (or TRY 24 million). This increase was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Other operating income

The Group's other operating income was TRY 180 million for the nine months ended 30 September 2021, as compared to TRY 215 million for the nine months ended 30 September 2020, representing a decrease of 16.6 per cent. (or TRY 36 million). This decrease was due to lower foreign exchange gain on account receivables and payables.

Other operating expenses

The Group's other operating expenses were TRY 171 million for the nine months ended 30 September 2021, as compared to TRY 256 million for the nine months ended 30 September 2020, representing a decrease of 32.9 per cent. (or TRY 84 million). This decrease was due to higher foreign exchange losses on account receivables and payables.

Gain/(loss) from investing activities

The Group had a net loss from investing activities of TRY 29 million for the nine months ended 30 September 2021, as compared to a net gain of TRY 64 million for the nine months ended 30 September 2020. This change was due to a land sale in Yenibosna amounting to TRY 140 million in 2021. In addition, there was a non-cash provision for slow-moving and low per unit value spare part amounting to TL 205 million in 2021.

Gain/(loss) from joint ventures

The Group had a net loss from its Syrian joint venture, Syrian Soft Drink Sales and Distribution L.L.C., of TRY 3 million for the nine months ended 30 September 2021, as compared to a loss of TRY 3 million for the nine months ended 30 September 2020.

Financial income

The Group's financial income was TRY 969 million for the nine months ended 30 September 2021, as compared to TRY 832 million for the nine months ended 30 September 2020, representing an increase of 16.4 per cent. (or TRY 137 million). This increase was due to the depreciation of the Turkish Lira against the US dollar.

Financial expenses

The Group's financial expenses were TRY 987 million for the nine months ended 30 September 2021, as compared to TRY 942 million for the nine months ended 30 September 2020, representing a decrease of 4.7 per cent. (or TRY 45 million). This decrease was due to the depreciation of the Turkish Lira against the US dollar.

Current period tax expense

The Group's current period tax expense was TRY 660 million for the nine months ended 30 September 2021, as compared to TRY 367 million for the nine months ended 30 September 2020, representing an increase of 80.1 per cent. (or TRY 294 million). This increase was due to higher taxable income and an increase in the statutory corporate tax rate, from 20 per cent. to 25 per cent., for the corporate earnings of the corporations for the 2021 taxation period in Turkey.

Deferred tax income/expense

The Group's deferred tax income was TRY 37 million for the nine months ended 30 September 2021, as compared to TRY 70 million expense for the nine months ended 30 September 2020, representing a decrease of 153.6 per cent. (or TRY 107 million). This decrease was due to changes in amounts subject to deferred tax and changes in effective tax rates between 30 September 2021 and 30 September 2020.

Net income for the period

As a result of the foregoing factors, the Group's net income for the period was TRY 2,240 million for the nine months ended 30 September 2021, as compared to TRY 1,402 million for the nine months ended 30 September 2020, representing an increase of 59.8 per cent. (or TRY 838 million).

Results of Operations for the Years ended 31 December 2020, 2019 and 2018

The following table sets forth the Group's results of operations for the years ended 31 December 2020, 2019 and 2018, derived from the Audited Consolidated Financial Statements unless otherwise indicated:

	Year ended 31 December		
	2018(1)	**2019**(1)	**2020**(1)
		(TRY millions)	
Continuing operations			
Net revenue	10,623	12,008	14,391
Cost of sales	(7,096)	(7,827)	(9,319)
Gross profit/(loss)	**3,527**	**4,181**	**5,072**
General and administration expenses	(441)	(526)	(663)
Distribution, selling and marketing expenses	(1,857)	(2,053)	(2,213)
Other operating income	137	128	251
Other operating expense	(97)	(211)	(303)
Profit/(Loss) from operations	**1,269**	**1,517**	**2,143**
Gain/(Loss) from investing activities	(9)	3	(85)
Gain/(Loss) from joint ventures	(1)	(0)	(3)
Profit/(Loss) before financial income/(expense)	**1,258**	**1,520**	**2,055**
Financial income/(expense)	**(713)**	**(335)**	**(289)**
Financial income	1,886	436	1,056
Financial expenses	(2,598)	(771)	(1,345)
Profit/(Loss) before tax from continuing operations	**546**	**1,185**	**1,766**
Tax expense of continuing operations	**(194)**	**(246)**	**(448)**
Deferred tax income/(expense)	(27)	(4)	(50)
Current period tax expense	(167)	(242)	(398)
Net income/(loss) from continuing operations	**351**	**939**	**1,318**

	Year ended 31 December		
	2018[(1)]	2019[(1)]	2020[(1)]
		(TRY millions)	
Net profit/(loss) from discontinued operations	**—**	**3**	**(4)**
Net profit/(loss) for the year	**351**	**942**	**1,314**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. The 2019 Comparative Information was restated for the classification of the Doğadan business in the Group's Soft Drinks segment as discontinued operations. The 2018 Comparative Information was restated due to adoption of new and amended standards. For further information on the reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Net revenue

The Group's net revenue was TRY 14,391 million for the year ended 31 December 2020, as compared to TRY 12,008 million and TRY 10,623 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 19.8 per cent. (or TRY 2,383 million) in 2020 as compared to 2019, and an increase of 13 per cent. (or TRY 1,384 million) in 2019 as compared to 2018.

The following table sets forth the breakdown of the Group's net revenue for the years indicated:

	Year ended 31 December		
	2018	2019	2020
Net revenue		(TRY millions)	
Gross sales	17,260	20,869	23,856
Sales discounts	(5,687)	(7,797)	(7,929)
Other discounts	(949)	(1,064)	(1,536)
Total net revenue	**10,623**	**12,008**	**14,391**

The following table sets forth the breakdown of the Group's net revenue by segment for the years indicated:

	Year ended 31 December		
	2018	2019	2020
Net revenue		(TRY millions)	
Segment			
Domestic	4,690	5,524	6,188
International	5,935	6,488	8,204

Net revenue	Year ended 31 December 2018	2019	2020
		(TRY millions)	
Elimination	(2)	(4)	(1)
Consolidated	**10,623**	**12,008**	**14,391**

The following table sets forth certain information regarding the Group's sales volume by segment for the years indicated:

Sales volumes	Year ended 31 December 2018[(1)]	2019	2020
		(millions unit cases[(2)])	
Segment			
Domestic	650	554	512
Sparkling beverages	360	373	373
Still beverages	60	63	55
Water	116	118	84
Tea[(3)]	114	-	-
International	664	654	672
Sparkling beverages	572	560	596
Still beverages	25	29	27
Water	67	65	48
Consolidated[(4)]	**1,315**	**1,207**	**1,184**

Notes:

(1) 2018 figures include Doğadan sales which was later disposed of and is not included in 2019 and 2020.

(2) One unit case represents 5.678 litres or 192 US fluid ounces.

(3) Reflects sales of Doğadan tea products, which the Group distributed in Turkey until 2019.

(4) After eliminations.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks for the years indicated:

Net revenue per unit case	Year ended 31 December 2018	2019	2020
Segment			
Domestic (*TRY per unit case[(1)]*)	7.2	10.0	12.1

Net revenue per unit case	Year ended 31 December		
	2018	2019	2020
International (*US dollar per unit case*[(1)])	1.8	1.7	1.7
International (*TRY*[(3)] *per unit case*[(1)])	8.9	9.9	12.2
Consolidated[(2)] (*TRY*[(3)] *per unit case*[(1)])	**8.1**	**9.9**	**12.2**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Turkish Lira at the exchange rate of TRY 7.0034, TRY 5.6712 and TRY 4.8301 per US dollar for 2020, 2019 and 2018, respectively.

Domestic.

The Group's net revenue from domestic operations was TRY 6,188 million for the year ended 31 December 2020, as compared to TRY 5,524 million and TRY 4,690 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 12.0 per cent. (or TRY 664 million) in 2020, as compared to 2019, and an increase of 17.8 per cent. (or TRY 834 million) in 2019, as compared to 2018.

The 12.0 per cent. increase in net revenue from domestic operations in 2020, as compared to 2019, was principally due to the growing share of the sparkling category, price adjustments and revenue growth management initiatives. In 2020, sales volumes of sparkling beverages in Turkey were flat compared to 2019, while sales volumes of still beverages decreased by 13.3 per cent. and sales volumes of water decreased by 28.3 per cent. These decreases reflected reduced demand due to on-premise channel closures because of the COVID-19 pandemic. The lower rate of volume growth in 2020 reflected reduced demand due to the COVID-19 pandemic. Net revenue per unit case increased by 21.1 per cent. driven by price adjustments and revenue growth management initiatives.

The 22.7 per cent. increase in net revenue from domestic operations in 2019, as compared to 2018, was principally due to increases in list prices and positive mix impact. In 2019, sales volumes of sparkling beverages increased 3.8 per cent., while sales volumes of still beverages and water increased by 3.1 per cent. and 1.6 per cent. respectively, driven by continued media investments.

International. The Group's net revenue from international operations was TRY 8,204 million for the year ended 31 December 2020, as compared to TRY 6,488 million and TRY 5,935 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 26.5 per cent. (or TRY 1,716 million) in 2020, as compared to 2019, and an increase of 9.3 per cent. (or TRY 553 million) in 2019, as compared to 2018.

The 26.5 per cent. increase in net revenue from international operations in 2020, as compared to 2019, was principally due to revenue growth initiatives despite the impact of the COVID-19 pandemic as a result of improvements of net sales revenue per unit case.

In 2020, sales volumes of sparkling beverages increased by 6.5 per cent., while sales volumes of still beverages decreased by 5.4 per cent. Sales volume in Kazakhstan increased 0.4 per cent. and decreased 1.2 per cent. in Azerbaijan. Sales volume growth in Pakistan was 5.2 per cent., principally reflecting successful consumer promotions and focused regional plans. Consolidated sales volumes in Northern Iraq and Southern Iraq decreased by 4.1 per cent.

The 9.4 per cent. increase in net revenue from international operations in 2019, as compared to 2018, was mainly due to net sales revenue per unit case growth in Central Asia and Pakistan.

In 2019, sales volumes of sparkling beverages decreased by 1.9 per cent., while sales volumes of still beverages increased by 8.5 per cent. In Pakistan, sales volumes decreased by 7.8 per cent. in 2019 compared to 2018, as a result of lower sales volume in the sparkling category. In Kazakhstan, sales volumes increased by 13.0 per cent. in 2019 compared to 2018 as a result of strong growth in all categories. Consolidated sales volumes in Northern Iraq and Southern Iraq increased by 0.8 per cent. in 2019.

Cost of sales

The Group's cost of sales was TRY 9,319 million for the year ended 31 December 2020, as compared to TRY 7,827 million and TRY 7,096 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 19.1 per cent. (or TRY 1,492 million) in 2020, as compared to 2019, and an increase of 10.3 per cent. (or TRY 731 million) in 2019, as compared to 2018.

Domestic. In 2020, the cost of sales in Turkey increased by 17.5 per cent., reflecting an increase in raw material costs. In 2019, the cost of sales in Turkey increased by 17.8 per cent., partially offset by price increases and the Group's foreign currency hedging.

International. Cost of sales in international operations in 2020 increased by 20.1 per cent., which was significantly lower than revenue growth over the same period principally as a result of price increases and revenue growth management initiatives. Cost of sales in international operations in 2019 increased by 10.1 per cent.

The following table sets forth the breakdown of the Group's cost of sales for the years indicated:

	Year ended 31 December		
	2018(1)	**2019(1)**	**2020(1)**
Cost of sales		*(TRY millions)*	
Raw material cost	(6,029)	(6,652)	(7,828)
Depreciation and amortisation	(337)	(347)	(530)
Personnel expenses	(285)	(336)	(385)
Other expenses	(445)	(493)	(575)
Total	**(7,096)**	**(7,827)**	**(9,319)**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. The 2019 Comparative Information was restated for the classification of the Doğadan business in the Group's Soft Drinks segment as discontinued operations. The 2018 Comparative Information was restated due to adoption of new and amended standards. For further information on the reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

The following table sets forth the breakdown of the Group's cost of sales by segment for the periods indicated:

	Year Ended 31 December		
	2018	**2019**	**2020**
Cost of sales		*(millions)*	
Segment			
Domestic (*TRY*)	(2,891)	(3,199)	(3,759)
International (*TRY*)	(4,207)	(4,632)	(5,563)
Elimination	1	4	3
Consolidated (*TRY*)	**(7,096)**	**(7,827)**	**(9,319)**

The following table sets forth the Group's cost of sales on a per unit case basis for the periods shown.

	Year ended 31 December		
Cost of sales on a per unit case basis	**2018**	**2019**	**2020**
Segment			
Domestic (*TRY per unit case*[(1)])	5.4	5.8	7.3
International (*US dollar per unit case*[(1)])	1.3	1.2	1.2
International (*TRY per unit case*[(1)])	6.3	7.1	8.3
Consolidated[(2)] (*TRY*[(3)] *per unit case*[(1)])	**5.9**	**6.5**	**7.9**

Notes:

(1) One unit case represents 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Turkish Lira at the exchange rate of TRY 7.0034, TRY 5.6712 and TRY 4.8301 per US dollar for 2020, 2019 and 2018, respectively.

Raw material cost. The Group's raw material cost was TRY 7,828 million for the year ended 31 December 2020, as compared to TRY 6,652 million and TRY 6,029 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 17.7 per cent. (or TRY 1,177 million) in 2020 as compared to 2019, and an increase of 10.3 per cent. (or TRY 622 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Depreciation and amortisation. The Group's depreciation and amortisation expense relating to the cost of sales was TRY 530 million for the year ended 31 December 2020, as compared to TRY 347 million and TRY 337 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 53.1 per cent. (or TRY 183 million) in 2020 as compared to 2019, and an increase of 2.8 per cent. (or TRY 10 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

Personnel expenses. The Group's personnel expenses relating to the cost of sales were TRY 385 million for the year ended 31 December 2020, as compared to TRY 336 million and TRY 285 million for the years ended

31 December 2019 and 2018, respectively, representing an increase of 14.6 per cent. (or TRY 49 million) in 2020 as compared to 2019, and an increase of 18.0 per cent. (or TRY 51 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to additional headcount, inflation and the depreciation of the Turkish Lira against the US dollar.

Other expenses. The Group's other expenses were TRY 575 million for the year ended 31 December 2020, as compared to TRY 493 million and TRY 445 million for the years ended 31 December 2019 and 2018 respectively, representing an increase of 16.8 per cent. (or TRY 83 million) in 2020 as compared to 2019, and an increase of 10.7 per cent. (or TRY 48 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to inflation and the depreciation of the Turkish Lira against the US dollar.

Distribution, selling and marketing expenses

The Group's marketing, selling and distribution expenses were TRY 2,213 million for the year ended 31 December 2020, as compared to TRY 2,053 million and TRY 1,857 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 7.8 per cent. (or TRY 160 million) in 2020 as compared to 2019, and an increase of 10.6 per cent. (or TRY 196 million) in 2019 as compared to 2018.

The following table sets forth the breakdown of the Group's marketing, selling and distribution expenses for the years indicated:

	Year ended 31 December		
	2018[(1)]	**2019[(1)]**	**2020[(1)]**
		(TRY millions)	
Marketing, selling and distribution expenses			
Marketing and advertising expenses	(548)	(585)	(595)
Personnel expenses	(415)	(463)	(533)
Transportation expenses	(441)	(489)	(552)
Depreciation on property, plant and equipment	(243)	(280)	(314)
Maintenance expenses	(48)	(54)	(57)
Utilities and communication expenses	(39)	(39)	(35)
Rent expenses	(11)	(8)	(7)
Other expenses	(111)	(136)	(121)
Total	**(1,857)**	**(2,053)**	**(2,213)**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. The 2019 Comparative Information was restated for the classification of the Doğadan business in the Group's Soft Drinks segment as discontinued operations. The 2018 Comparative Information was restated due to adoption of new and amended standards. For further information on the reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Marketing and advertising expenses. The Group's marketing and advertising expenses were TRY 595 million for the year ended 31 December 2020, as compared to TRY 585 million and TRY 548 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 1.7 per cent. (or TRY 10 million) in 2020 as compared to 2019, and an increase of 6.7 per cent. (or TRY 37 million) in 2019 as compared to 2018. The lower increase in marketing expenses in 2020 was due to marketing cuts during the pandemic. The increase in 2019 was due to higher marketing expenditures and foreign exchange rates.

Personnel expenses. The Group's personnel expenses relating to distribution, selling and marketing activities were TRY 533 million for the year ended 31 December 2020, as compared to TRY 463 million and TRY 415 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 14.9 per cent. (or TRY 70 million) in 2020 as compared to 2019, and an increase of 11.7 per cent. (or TRY 48 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Transportation expenses. The Group's transportation expenses were TRY 552 million for the year ended 31 December 2020, as compared to TRY 489 million and TRY 441 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 13.0 per cent. (or TRY 63 million) in 2020 as compared to 2019, and an increase of 10.7 per cent. (or TRY 48 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to an increase in volumes sold and rising fuel prices.

Depreciation on property plant and equipment. The Group's depreciation on property plant and equipment expense relating to distribution, selling and marketing activities was TRY 314 million for the year ended 31 December 2020, as compared to TRY 280 million and TRY 243 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 12.4 per cent. (or TRY 34 million) in 2020 as compared to 2019, and an increase of 15.3 per cent. (or TRY 37 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

General and administration expenses

The Group's general and administration expenses were TRY 663 million for the year ended 31 December 2020, as compared to TRY 526 million and TRY 440 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 26.0 per cent. (or TRY 136 million) in 2020 as compared to 2019, and an increase of 19.4 per cent. (or TRY 85 million) in 2019 as compared to 2018.

The following table sets forth the breakdown of the Group's general and administration expenses for the years indicated:

	Year ended 31 December		
	2018[(1)]	**2019[(1)]**	**2020[(1)]**
		(TRY millions)	
General and administration expenses			
Personnel expenses	(238)	(303)	(379)
Depreciation on property, plant and equipment	(49)	(41)	(52)
Consulting and legal fees	(28)	(31)	(39)
Utilities and communication expenses	(11)	(11)	(17)
Provision for doubtful receivables	(10)	(17)	(40)
Repair and maintenance expenses	(4)	(4)	(3)

	Year ended 31 December		
	2018[1]	**2019[1]**	**2020[1]**
		(TRY millions)	
Rent expense	(9)	(9)	(9)
Other	(92)	(111)	(123)
Total	**(441)**	**(526)**	**(663)**

Note:

(1) In order to conform to the presentation of the consolidated financial statements, the comparative information has been restated or reclassified where necessary. The 2019 Comparative Information was restated for the classification of the Doğadan business in the Group's Soft Drinks segment as discontinued operations. The 2018 Comparative Information was restated due to adoption of new and amended standards. For further information on the reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Personnel expenses. The Group's personnel expenses relating to general and administration activities were TRY 379 million for the year ended 31 December 2020, as compared to TRY 303 million and TRY 238 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 25.2 per cent. (or TRY 76 million) in 2020 as compared to 2019, and an increase of 27.3 per cent. (or TRY 65 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Depreciation on property, plant and equipment. Depreciation on property, plant and equipment expense relating to general and administration activities was TRY 52 million for the year ended 31 December 2020, as compared to TRY 41 million and TRY 49 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 24.6 per cent. (or TRY 11 million) in 2020 as compared to 2019, and a decrease of 15.4 per cent. (or TRY 8 million) in 2019 as compared to 2018. The decrease in 2019 was due to certain assets reaching the end of their useful life. The increase in 2020 was due to additional capital expenditure and the depreciation of the Turkish Lira against the US dollar.

Consulting and legal fees. Consulting and legal fees expense was TRY 39 million for the year ended 31 December 2020, as compared to TRY 31 million and TRY 28 million for the years ended 31 December 2018 and 2019, respectively, representing an increase of 27.4 per cent. (or TRY 8 million) in 2020 as compared to 2019, and an increase of 10.8 per cent. (or TRY 3 million) in 2019 as compared to 2019. The increase in 2020 and 2019 was due to the depreciation of the Turkish Lira against the US dollar and inflation.

Other operating income

The Group's other operating income was TRY 251 million for the year ended 31 December 2020, as compared to TRY 128 million and TRY 137 million for the years ended 31 December 2018 and 2019, respectively, representing an increase of 96.7 per cent. (or TRY 123 million) in 2020 as compared to 2019, and a decrease of 6.6 per cent. (or TRY 9 million) in 2019 as compared to 2018. The increase in 2020 was due to the depreciation of the Turkish Lira against the US dollar on accounts receivable and payable. The decrease in 2019 was due to lower foreign exchange rates on accounts receivable and payable.

Other operating expenses

The Group's other operating expenses were TRY 303 million for the year ended 31 December 2020, as compared to TRY 211 million and TRY 97 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 43.7 per cent. (or TRY 92 million) in 2020 as compared to 2019, and an increase of 116.8 per cent. (or TRY 114 million) in 2019 as compared to 2018. The increase in 2020 was due to higher foreign exchange losses on accounts receivable and payable. The increase in 2019 was due to higher foreign exchange losses on accounts receivable and payable and administrative fines in Turkmenistan related to regulatory applications and the validity of various production licences and certificates.

Financial income

The Group's financial income was TRY 1,056 million for the year ended 31 December 2020, as compared to TRY 436 million and TRY 1,886 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 142.0 per cent. (or TRY 620 million) in 2020 as compared to 2019, and a decrease of 76.9 per cent. (or TRY 1,450 million) in 2019 as compared to 2018.

Financial expenses

The Group's financial expenses were TRY 1,345 million for the year ended 31 December 2020, as compared to TRY 771 million and TRY 2,598 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 74.4 per cent. (or TRY 574 million) in 2020 as compared to 2019, and a decrease of 70.3 per cent. (or TRY 1,827 million) in 2019 as compared to 2018.

Net financial expense, including lease payables related to TFRS 16, was TRY 335 million in the year ended 31 December 2019 as compared to TRY 713 million in the year ended 31 December 2018. This decrease was due to lower foreign exchange losses as well as lower net interest cost due to stabilization in the Turkish financial markets.

In the year ended 31 December 2020, the net financial expense was TRY 289 million, compared to TRY 335 million in the year ended 31 December 2019. The lower net financial expense in the year ended 31 December 2020, despite the 24 per cent. devaluation of the Turkish Lira against the US dollar (devaluation in 2019 was 13 per cent.) was due to the Group's decrease of its foreign exchange short position.

Current period tax expense

The Group's current period tax expense was TRY 398 million for the year ended 31 December 2020, as compared to TRY 242 million and TRY 167 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 64.7 per cent. (or TRY 156 million) in 2020 as compared to 2019, and an increase of 44.6 per cent. (or TRY 75 million) in 2019 as compared to 2018. The increase in 2020 and 2019 was due to higher profit before tax.

Deferred tax income/expense

The Group's deferred tax income was TRY 50 million for the year ended 31 December 2020, as compared to a deferred tax expense of TRY 4 million and TRY 27 million for the years ended 31 December 2019 and 2018, respectively, representing an increase of 1,145.9 per cent. (or TRY 46 million) in 2020 as compared to 2019, and a decrease of 85.3 per cent. (or TRY 23 million) in 2019 as compared to 2018. The increase in 2020 and decrease in 2019 were due to changes in amounts subject to deferred tax and changes in effective tax rates.

Net income for the year

As a result of the foregoing factors, the Group's net income was TRY 1.314 million for the year ended 31 December 2020, as compared to TRY 942 million and TRY 351 million for the year ended 31 December 2019 and 2018, representing an increase of 39.5 per cent. (or TRY 372 million) in 2020 as compared to 2019, and an increase of 168.1 per cent. (or TRY 591 million) in 2019 as compared to 2018. The increase in 2020 was due to strong operating profitability and lower net financial expenses. The increase in 2019 was due to higher earnings before interest and tax, and lower net financial expenses.

Liquidity and Capital Resources

The Group's principal liquidity and capital resources requirements consist of:

- costs and expenses relating to the operation of the business, including corporate income tax;
- debt service requirements relating to existing and future debt;
- capital expenditures, which are mainly used for facilities improvements;
- acquisitions of new licenses or other operators or companies engaged in complementary or related businesses;
- projects to optimize our performance; and
- payments of dividends and shareholder remuneration.

In the periods under review, the Group has met most of its liquidity needs through its operating cash flows and cash and borrowings from qualified credit institutions.

As at 30 September 2021, the Group had cash and cash equivalents of TRY 4,528 million. 60 per cent. of this was held outside Turkey and 40 per cent. was held in Turkey. 51 per cent. of the cash was held in US dollars, 12 per cent. was held in Turkish lira and 37 per cent. was held in other currencies.

Management is of the opinion that, taking into account the Group's current banking facilities and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements for at least the next 12 months following the date of publication of this Prospectus.

Cash flows

The following table sets out a summary of the Group's cash flows for the periods indicated:

	Nine months ended 30 September		**Year ended 31 December**		
	2020(1)	**2021(1)**	**2018(1)**	**2019(1)**	**2020(1)**
	(TRY millions)				
Net cash generated from operating activities ..	2,638	3,704	1,636	2,032	2,906
Net cash used in investing activities	(553)	(2,765)	(830)	(830)	(556)
Net cash (used in) financing activities	(930)	(1,827)	(3,568)	(823)	(902)
Net increase/(decrease) in cash and cash equivalents...	1,787	(29)	(1,585)	533	1,838
Currency translation on cash and cash equivalents...	1,787	(133)	(1,585)	533	1,838
Cash and cash equivalents at beginning of year...	2,823	4,661	3,875	2,290	2,823
Cash and cash equivalents at year end.............	4,610	4,528	2,290	2,823	4,661

Note:

(1) The 2019 Comparative Information included in the 2020 Audited Consolidated Financial Statements was restated for the classification on interest paid and received as Net cash used in financing activities, whereas in the 2019 Audited Consolidated Financial Statements and 2018 Audited Consolidated Financial Statements interest paid and received were classified as Net cash generated in operating activities. For further information on the reclassifications made in the Consolidated Financial Statements, see Note 2 to the Consolidated Financial Statements, which are included in this Prospectus and "*Presentation of Information—Presentation of Financial Information—Comparability of Financial Information— Restatements and Reclassifications*" in this Prospectus.

Net cash generated from operating activities

The Group's net cash generated from operating activities was TRY 3,704 million for the nine months ended 30 September 2021, as compared to TRY 2,638 million for the nine months ended 30 September 2020, representing an increase of 40.4 per cent. (or TRY 1,066 million). This increase was due to strong profitability resulting in solid cash generation.

The Group's net cash generated from operating activities was TRY 2,906 million for the year ended 31 December 2020, TRY 2,032 million for the year ended 31 December 2019 and TRY 1,636 million for the year ended 31 December 2018, representing an increase of 43.0 per cent. (or TRY 874 million) and 24.2 per cent. (or TRY 396 million). The increase in 2020 and 2019 was due to strong operating profitability resulting in solid cash generation.

Net cash used in investing activities

The Group's net cash used in investing activities was TRY 2,765 million for the nine months ended 30 September 2021, as compared to TRY 553 million for the nine months ended 30 September 2020, representing an increase of 399.7 per cent. (or TRY 2,212 million). This increase was due to increased purchases of property, plant and equipment and the acquisition of CCBU for USD 252.3 million.

The Group's net cash used in investing activities was TRY 556 million for the year ended 31 December 2020, as compared to TRY 830 million for the year ended 31 December 2019, representing a decrease of 33.0 per cent. (or TRY 274 million). This decrease was due to decreased purchases of property, plant and equipment and decreased financial investments in 2020.

The Group's net cash used in investing activities was TRY 830 million for the year ended 31 December 2019, as compared to TRY 830 million for the year ended 31 December 2018.

Net cash used in financing activities

The Group's net cash used in financing activities was TRY 1,827 million for the nine months ended 30 September 2021, as compared to TRY 930 million for the nine months ended 30 September 2020, representing an increase of 96.5 per cent. (or TRY 897 million). This increase was due to increased dividends paid by the Group.

The Group's net cash used in financing activities was TRY 902 million for the year ended 31 December 2020, as compared to TRY 823 million for the year ended 31 December 2019, representing a decrease of TRY 79 million. This decrease was due to proceeds from borrowings and repayments of borrowings in 2020.

The Group's net cash used in financing activities was TRY 823 million for the year ended 31 December 2019, as compared to TRY 3,568 million cash used in the financing activities for the year ended 31 December 2018, representing a decrease of TRY 2,745 million. This decrease was due to a larger amount of borrowings being repaid in 2018 than in 2019.

Borrowings

As at 30 September 2021, the Group's total borrowings were TRY 6,155 million, including TRY 517 million in short-term borrowings. The following table sets forth information about certain of the Group's material long-term borrowings as at the dates indicated (including its current portion of long-term loans):

	Date of signature	Duration	Outstanding principal amount of loan	Principal amount due through 30 September 2022	Principal amount due after 30 September 2022	Total
		(months)			*(TRY millions)*	
Turkey Operation –EUROBOND	19/09/2017	84	US$500,000,000	0	4,447	4,447
Turkey Operation – USPP Tranche 3	30/05/2013	120	US$120,000,000	0	1,067	1,067
Turkey Operation – TURKEY AKB	11/05/2021	12	TL 125,187,500	0	125	125
Turkey Operation – TURKEY YKB	11/05/2021	12	TL 125,187,500	0	125	125
Turkey Operation – TURKEY TEB	30/04/2021	12	TL 200,000,000	0	200	200
CCI TJ EBRD LOAN	02/09/2015	106	EUR 31,359,390	80	244	324
CCI KZ SBERBANK	04/09/2020	36	KZT 5,727,273,000	59	60	119
CCI KZ SBERBANK	29/09/2020	36	KZT 2,454,545,000	22	29	51
CCI KZ SBERBANK	29/06/2021	25	KZT 909,090,500	7	11	18
CCI KZ SBERBANK	06/08/2021	23	KZT 909,090,500	7	11	18
CCI TM EBRD LOAN	20/08/2019	60	US$3,600,000	10	22	32
CCI PK IFC LOAN	21/12/2017	84	EUR 26,766,610	86	189	275
CCI PK SCB LOAN	03/06/2020	26	PKR 768,912,000	32	8	40

The Group's US dollar-denominated loans have interest rates ranging from six-month LIBOR plus 2.50 per cent. to 4.57 per cent. The Group's Euro-denominated loans have interest rates of three-month EURIBOR plus 2.75 per cent. to six-month EURIBOR plus 1.60 per cent. The Group's loans other than US dollar or Euro have floating interest rates ranging from KIBOR minus 0.10 per cent. to plus 0.10 per cent. and three-month KIBOR plus 0.20 per cent.

The following table sets forth the Group's gross indebtedness for the periods indicated:

	Nine months ended 30 September	**Year ended 31 December**		
	2021	**2018**	**2019**	**2020**
		(TRY millions)		
Short-term borrowings (including current portion of long-term borrowings)	866	946	1,493	1,300
Long-term borrowings	5,507	4,158	3,998	4,861
Total Borrowings	**6,373**	**5,104**	**5,491**	**6,160**

The Group's bank overdrafts and short-term loans are the utilised portions of the existing uncommitted credit lines that the Company and its subsidiaries and associates enter into on a bilateral basis with various banks. As at 30 September 2021, the Group had 28 agreements, ranging in size from US$5 million to US$200 million.

Funds drawn on these credit lines incur interest at variable rates and can be revoked at the lending bank's discretion. As at 30 September 2021, the Group had total credit lines of US$1,335 million, of which US$305 million was drawn and the balance was undrawn. 43 per cent. of the Group's total credit lines were with USPP investors, 37 per cent. was with international banks, 14 per cent. was with multilateral institutions and 5 per cent. was with domestic banks.

For a description of certain of the Group's other indebtedness and its material terms, see *"—Description of Certain Indebtedness*" below. See also Note 8 to the Q3 2021 Reviewed Interim Financial Statements and Note 9 to the 2020 Audited Consolidated Financial Statements for additional information about the Group's borrowings.

Capital Expenditures

The company defines capital expenditures as "purchases of property, plant equipment and intangible assets". In the three years ended 31 December 2020 and in the nine months ended 30 September 2021, the Group's principal investments in an aggregate amount of TRY 3,120 million related primarily to machinery and greenfield projects. Capital expenditure amounted to TRY 831 million in the nine months ended 30 September 2021, TRY 457 million in the nine months ended 30 September 2020, TRY 666 million in 2020, TRY 766 million in 2019 and TRY 858 million in 2018.

Of the TRY 666 million capital expenditure in 2020, 32 per cent. was related to cold drink equipment, 32 per cent. was maintenance capital expenditure, 29 per cent. was infrastructure expenditure in connection with investments in new product lines and 6 per cent. was related to digital investments. 34 per cent. of capital expenditures were made in Turkey, and the balance were made in the Group's other markets.

The Group plans to make capital investments in its operations, including to expand its overall capacity and to address potential capacity constraints especially in Pakistan, and also in Kazakhstan, Kyrgyzstan, Turkmenistan, Jordan and Northern Iraq, where its plants currently operate near optimal utilisation.

The Group's plans include the modernisation of various plants, including in Turkmenistan and Kyrgyzstan, and construction of new greenfield plants in Faisalabad and Islamabad, Pakistan.

The Group expects that cash from operations will be sufficient to fund anticipated capital expenditure requirements for expansion and upgrades to the Group's operations, subject to refinancing of the Group's existing indebtedness with the proceeds of this offering of Notes.

The Group's actual capital expenditures may vary significantly from its estimates and depend on a variety of factors, including market conditions, levels of demand for the Group's products, the availability of funding, operating cash flow and other factors fully or partially outside the Group's control.

Contractual Obligations and Commitments

The table below sets forth the amount of the Group's contractual obligations and commitments, as at 30 September 2021, based on contractual undiscounted payments:

	Total	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
			(TRY millions)		
Total bank borrowings	6,155[1]	751	1,522	3,882	-

Note:

(1) Excluding Lease liabilities and lease payables.

As at 30 September 2021, the Group had TRY 1,028 million in guarantees, pledges and mortgages given by the Group. As at 31 December 2020, the Group had provided guarantees in the aggregate amount of TRY 1,123 million. See Note 16 to the Q3 2021 Reviewed Interim Financial Statements and Note 24 to the 2020 Audited Consolidated Financial Statements for further information about such guarantees, pledges and mortgages, including a breakdown by currency.

Description of Certain Indebtedness

The following summary of certain provisions of the Group's material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by references to the underlying documents.

CCI—US Private Placement Notes. On 30 May 2013, CCI, as the borrower, and 17 qualified institutional buyers, as buyers, entered into a note purchase agreement (the "USPP"). The USPP provides for financing of up to US$300,000,000 in three different tranches with separate maturities:

- US$100,000,000 3.42 per cent. Series A Senior Notes due 30 May 2018 (the "Series A Senior Notes");
- US$80,000,000 3.85 per cent. Series B Senior Notes due 30 May 2020 (the "Series B Senior Notes"); and
- US$120,000,000 4.44 per cent. Series C Senior Notes due 30 May 2023,

together the "USPP Notes". The Series A Senior Notes and the Series B Senior Notes have since been repaid.

The proceeds of the USPP have been made available for the purpose of refinancing of existing debt and general corporate purposes, provided that CCI meets certain requirements relating to, among other things, financial ratios, good standing, no default and no materially adverse litigation.

The USPP is governed by the laws of the State of New York.

Interest and Repayment

Interest on the unpaid balance of the USPP Notes is payable semi-annually on the 30th day of November and May in each year at the annual interest rate as set out above for each series of the USPP Notes.

On the maturity dates set out above, the entire unpaid principal balance of the USPP Notes will become due and payable.

CCI has made no repayments of principal under the USPP as at the date of this Prospectus.

Guarantees and Security

Certain subsidiaries of CCI can become a guarantor in respect of CCI's obligations under the USPP Notes (each, a "Subsidiary Guarantor"), in each case pursuant to a guaranty agreement of such Subsidiary Guarantor, to be in form and substance reasonably satisfactory to the holders of more than 50 per cent. of the principal amount of the USPP Notes ("Required Holders"). If at any time (i) any Turkish or Dutch subsidiary of CCI is or becomes a guarantor under any facility agreement entered into by CCI, as obligor, with a principal amount borrowed of US$100,000,000 (or its equivalent in other currencies) (a "Principal Credit Facility"), (ii) such subsidiary becomes a borrower under a Principal Credit Facility or (iii) CCI notifies the holders of the USPP Notes in writing that it wishes a material subsidiary (all except CC Pakistan) to become a Subsidiary Guarantor, and the aggregate Financial Indebtedness (as defined in the USPP), plus the aggregate Financial Indebtedness secured by any Security or Quasi-Security (each as defined in the USPP) permitted by the USPP, of CCI's subsidiaries (all except CC Pakistan) exceeds US$200,000,000 or 10 per cent. of Adjusted Consolidated Total Assets (as defined in the USPP), CCI must, at its own expense, cause such subsidiary to become a Subsidiary Guarantor in respect of the USPP. As at the date of this Prospectus, there were no Subsidiary Guarantors in respect of the USPP. As at the date of this Prospectus, there were no Subsidiary Guarantors in respect of the USPP.

CCI's obligations under the USPP are unsecured, and its payment obligations rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated financial indebtedness of CCI.

Prepayment

CCI may, at its option, prepay at any time all, or from time to time any part of, the aggregate principal amount of the USPP Notes, at 100 per cent. of the principal amount prepaid, with the make-whole amount (as defined in the USPP) determined for the prepayment date with respect to such principal amount. CCI may not make a partial prepayment in an amount not less than 5 per cent. of the aggregate principal amount of the Notes. CCI must give each holder of USPP Notes written notice of each optional prepayment not less than 30 days and not more than 60 days prior to the date fixed for such prepayment.

The USPP requires mandatory prepayment by CCI in certain circumstances, which include:

- the occurrence of an event of default (as defined in the USPP);
- a change of control of CCI such that the Anadolu Group and TCCC together cease to control CCI (if either the Anadolu Group or TCCC acquires sole control over CCI, this shall not constitute a "change of control"); and
- a change in economic sanctions enforced by the United States, which results in violation of such sanctions by any of the holders of the USPP Notes.

The USPP also governs the procedure for prepayment by CCI where CCI disposes of an asset and applies the consideration received in respect of such disposal to prepayment of its financial indebtedness.

CCI has made no prepayments under the USPP as at the date of this Prospectus.

Covenants, Representations and Warranties and Events of Default

The USPP contains undertakings, representations and warranties common to agreements of this type and includes customary financial covenants. Subject to certain agreed exceptions, such financial covenants include covenants that restrict the ability of CCI and its material subsidiaries to:

- enter into, directly or indirectly, any material transaction with any affiliate (as defined by the USPP), other than CCI or another subsidiary;
- enter into any merger or consolidation;
- substantially change the general nature of its business;
- own or control any person that is the target of sanctions imposed by the United Nations or by the EU, or to deal with any person or engage in any activity that could subject CCI or any controlled entity (as defined in the USPP) to such sanctions;
- create or permit to subsist any security over its assets;
- sell, lease, transfer or otherwise dispose of any asset; and
- create, incur, assume, guarantee, have outstanding or otherwise become or remain liable with respect to any financial indebtedness.

The USPP also requires CCI to maintain certain financial ratios, including consolidated net debt to consolidated Adjusted EBITDA of less than 3.25x, and consolidated Adjusted EBIT to consolidated net finance charges of greater than 4x.

The USPP contains customary events of default, including, among other things, default in payment of any principal or make-whole amount, default in payment of interest except where remedied within five business days, breach of the obligations under the USPP except where remedied within 30 days, misrepresentation of any representation or warranty, cross-default in relation to indebtedness exceeding US$15,000,000 except where remedied within any relevant grace period provided, certain insolvency and winding-up or related events.

In addition, an event of default will occur if (i) TCCC exercises its right to terminate any bottling contract with respect to activities in Turkey or (ii) any bottling contract with respect to activities in Turkey has expired or terminated on its own terms, where TCCC has ceased to continue normal trading activities in Turkey with CCI and/or its Turkish subsidiaries, and such is reasonably expected to have a material adverse effect (as defined in the USPP) on CCI's business.

The USPP Notes automatically become immediately due and payable if a certain specified event of default occurs, such as insolvency or winding-up of CCI or any material subsidiary. If any other event of default occurs, the Required Holders may at any time declare all the USPP Notes to be immediately due and payable.

From the date of an event of default, interest on the USPP Notes will accrue at a default rate that is the greater of (i) 1 per cent. per annum above the stated rate of interest and (ii) 1 per cent. over the rate of interest publicly announced by Citibank, N.A. in New York, New York as its "base" or "prime" rate.

CCI Pakistan—IFC. In December 2016, CCI Pakistan, as the borrower, and International Finance Corporation, as the lender, entered into a loan agreement (the "IFC Loan"). The IFC Loan provides for financing of up to EUR 50,000,000. The IFC Loan matures on 16 December 2024. The interest rate under the IFC Loan is EURIBOR plus a fixed margin. The IFC Loan contains undertakings and representations and warranties common to facilities of this type and includes affirmative and financial covenants. The IFC Loan is governed by English law. Obligations under the IFC Loan are guaranteed by CCI and TCCC equally.

Contingencies

See "*The Group and Its Business—Legal matters*" for further information on these matters.

Related Party Transactions

For a discussion of the Group's related party balances and transactions, see Note 24 to the Q3 2021 Reviewed Interim Financial Statements and Note 38 to the 2020 Audited Consolidated Financial Statements.

Quantitative and Qualitative Disclosures about Market Risk

The Group has exposure to interest rate risk, liquidity risk, foreign currency risk and credit risk. For a description of the Group's management of these risks, see Note 25 of the Q3 2021 Reviewed Interim Financial Statements and Note 39 of the 2020 Audited Consolidated Financial Statements.

Critical Accounting Policies

The Company has identified certain accounting policies discussed as critical to the Group's business and results of operations. These accounting policies are both important to the portrayal of the Group's reported amounts of expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date and require the

Company's management's most subjective or complex judgements, often as a result of the need to estimate the effects of matters that are inherently uncertain. The Company's management bases its estimates and assumptions on historical experience, where applicable, and other factors believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The Company and its management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions. For a discussion of these critical accounting policies, see Note 2 of the 2020 Audited Consolidated Financial Statements.

New Accounting Standards

Certain new standards, amendments and interpretations have been published but were not yet effective as at 31 December 2020 or 30 September 2021 and were not applied in preparing the 2020 Audited Consolidated Financial Statements or the Q3 2021 Reviewed Interim Financial Statements . For information on these new accounting pronouncements that may impact the Group's operations, see Note 2 to the 2020 Audited Consolidated Financial Statements and Note 2 to the Q3 2021 Reviewed Interim Financial Statements .

THE GROUP AND ITS BUSINESS

Overview

The Group principally prepares, packages, sells and distributes sparkling and still beverages trademarked by TCCC in 11 markets across Turkey, Central Asia, Pakistan and the Middle-East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as at 30 September 2021, the Group was one of the 10 largest independent bottlers among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranked first, or in certain cases second, in all of the major markets in which it operated as at 30 September 2021, as measured by sparkling sales volume.

The Group, which had 29 bottling plants and approximately 870 thousand sales points as at 30 September 2021, has operations in Turkey, Pakistan, Kazakhstan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Uzbekistan, Jordan and Tajikistan. In addition, the Group has a 50 per cent. indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells TCCC products.

Its beverages are supplied in approximately 30 billion annual servings[2] to a consumer base of over 430 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite 3G, Schweppes, and Fanta, as well as still beverages such as fruit juice (Cappy, Minute Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), coffee and RTD ice tea (Fuse Tea).

The Group is Turkey's leading sparkling soft drinks producer, with a share of 65.5 per cent. of the Turkish sparkling soft drinks market, as well as Turkey's leading juice drink producer with a share of 27.1 per cent. of the juice drink market, each as measured by sales volume in 2020, according to Nielsen. As at 30 September 2021, the Group operated 10 bottling plants in Turkey, and in 2020 it had an annual bottling capacity of approximately 703 million unit cases.

Among its larger international markets, the Group ranks first in terms of sparkling beverage average market share by sales volume in Pakistan, Kazakhstan, and Azerbaijan, with 43.7 per cent., 52.2 per cent., and 71.5 per cent., respectively, in each case, in 2020, according to Nielsen for Kazakhstan and the Group's internal estimates based on GlobalData for Pakistan and Azerbaijan. As at 30 September 2021, the Group operated 19 bottling plants in its international markets, and in 2020 it had an annual bottling capacity of approximately 930 million unit cases.

The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. Since 2005, the Group's international operations have expanded considerably, reaching approximately 63 per cent. of its consolidated Adjusted EBITDA (calculated by attributing eliminations to the related segment) in 2020.

[2] One serving is equal to 8 US fluid ounces or 0.237 litres.

The following table sets forth certain information regarding the Group's sales volume by segment for the nine months ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		**Year ended 31 December**		
	2020	**2021**	**2018[1]**	**2019**	**2020**
			(million unit cases[2])		
Segment					
Domestic	406	467	650	554	512
International	551	642	664	654	672
Consolidated[3]	**957**	**1,109**	**1,315**	**1,207**	**1,184**

Notes:

(1) 2018 figures include Doğadan sales which was later disposed of and is not included in 2019 and 2020.

(2) One unit case is equal to 5.678 litres or 192 US fluid ounces.

(3) After eliminations.

The following table sets forth the Group's net revenue by segment for the nine months ended 30 September 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018:

	Nine months ended 30 September		**Year ended 31 December**		
	2020	**2021**	**2018**	**2019**	**2020**
			(TRY millions)		
Segment					
Domestic	4,839	6,666	4,690	5,524	6,188
International	6,369	9,719	5,935	6,488	8,204
Elimination	(1)	(20)	(2)	(4)	(1)
Consolidated	**11,207**	**16,365**	**10,623**	**12,008**	**14,391**

CCI has been listed on the Borsa Istanbul since 2006 and as at 30 September 2021 had a market capitalisation of US$2.4 billion.

Strengths

The Group believes that it has developed a number of competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

Leading market positions in diverse, high-growth, less saturated markets with attractive demographics. The Group is among the leading soft drinks producers in its markets, with leading market positions, particularly with sparkling soft drinks brands, in key markets such as Turkey, Pakistan and Kazakhstan. The Group operates in markets with young and growing populations of approximately 430 million, approximately 60 per cent. of which are below 30 years old. In all the Group's markets, the average per capita consumption and the average age of the population are below those of more developed countries in western Europe and the United States, while population growth rates surpass those of the above-mentioned developed regions. The Group's management expects 9 per cent. population growth and approximately 25 million new consumers in its markets by 2025. The markets in which the Group operates have experienced growth in the soft drinks markets, and management believes there is potential for further growth going forward. In addition, in most of the countries in which it operates the Group has strong local connections, stemming from being a significant investor and employer. As a result of this local presence, the Group's local cost base allows it to price its products in line with local income levels and benefit from strong knowledge and connections with local consumers, further enhancing its ability to increase penetration and expand its brand portfolio with products that are likely to be attractive to the local markets. As such, management believes that the Group, with its strong local presence, market position and attractive brand portfolio, is well placed to benefit from favourable demographics supporting continued growth in soft drinks consumption in the markets in which it operates. In addition, its markets present varying cultural, regional and economic characteristics which allow the Group to balance its revenue streams as well as diversify and balance its exposure to market and other disruptions.

Leading Coca-Cola franchise in the region with strong brand portfolio. As one of the 10 largest (by sales volume) and one of the fastest growing independent bottlers in the global Coca-Cola network, the Group has a long-standing, strong partnership with TCCC. Management believes that this partnership brings significant benefits to the Group, including rights to prepare, package and sell well-known brands such as Coca-Cola, Fanta, Sprite and Cappy. The strength and global brand appeal of Coca-Cola trademarked beverages have aided the Group in building a strong presence in the markets in which it operates, where the Group ranks either first or in certain cases second, as measured by sales volume (based on information from Nielsen and the Group's internal estimates based on GlobalData). The Group's product portfolio includes some of the most popular and well-known brands in the markets in which it operates, including Coca-Cola, Fanta, Schweppes and Sprite in its sparkling beverage portfolio and Cappy, Piko, Fuse Tea, Bonaqua and Damla in its still beverage and water portfolio. According to an Interbrand 2021 data release, Coca-Cola is one of the top 10 most recognised brands in the world, and has been the highest valued food and beverages brand globally each year since 2001, while, according to Nielsen, it was the leading brand by value share in 2020 for food and beverages (excluding alcoholic beverages) in Turkey. In 2016, the Company received TCCC's Global Customer & Commercial Leadership Award in two categories, Turkey On-Premise Channel and Turkey Traditional Channel. As part of Coca-Cola, the Group benefits from TCCC's global marketing efforts, which enables the Group to capture market share more rapidly in developing markets. The Group has leading market positions in the sparkling drinks markets in Turkey, Pakistan, Kazakhstan, Uzbekistan, Azerbaijan and Kyrgyzstan and a market leading position in the Juices (Fruit Juices & Nectars) category in Turkey. In the RTD ice tea category, the Group has a leading market position in Azerbaijan and was ranked second in the markets in Turkey and Kazakhstan.

Management believes that the Group's attractive brand portfolio, combined with its deep knowledge of the markets in which it operates provides a strong platform for capturing growth in the expanding soft drinks markets in the countries in which it operates

Strong shareholding structure. TCCC owns 20.1 per cent. of the Company while the Anadolu Group (directly and indirectly through Anadolu Efes) holds a further 50.3 per cent. of the Company's shares. As a key and rapidly growing bottler within the Coca-Cola system, the Group enjoys a close relationship with TCCC, and benefits from TCCC's support, market insight and experience. For example, brand advertising and other above-the-line consumer marketing efforts are carried out and mostly paid for by TCCC in co-ordination with the Company. In addition, the Group is able to co-ordinate with a cross-enterprise procurement group across the wider Coca-Cola network that assists the Group in strategic procurement of some of its key raw materials. Through its 50.3 per cent. shareholding, the Anadolu Group represents another financially strong shareholder and the Group benefits from the shared strong regional expertise and talent pool of the wider Anadolu Group.

Developed local bottling and distribution infrastructure. As at 30 September 2021, the Group has 29 bottling plants with 146 bottling lines across 11 countries, with 10 bottling plants in its largest market, Turkey. The Group's Turkish operations accounted for approximately 42 per cent. of the Group's total sales volume as at 30 September 2021. The Group acquired two plants in Southern Iraq in September 2012 and started production of Coca-Cola trademarked beverages following refurbishment of the plants. In 2012, a new sales and distribution company, Coca-Cola Beverages Tajikistan LLC. ("CCI Tajikistan") was established, which is wholly owned by CCI. Production started in 2015. In 2021, the Group acquired CCBU. The Group equips its production facilities with modern bottling line equipment and information technology and has a strong focus on increasing operating efficiency, capacity utilisation, leveraging best practices across the Group and developing local talent. As a result, management believes that some of the Group's key performance indicators ("KPIs") for production and efficiency are among the leading KPIs in the global Coca-Cola system, such as its water and energy usage ratios. The Group is continuing to invest in its infrastructure in order to ensure it has sufficient capacity proximate to its growing customer base, particularly in Pakistan.

Experienced management. The Group's management team has developed a strong track record of successfully acquiring and integrating a number of operations in new markets, especially in emerging markets, while at the same time maintaining a strong balance sheet with relatively low leverage ratios. Key management personnel of the Group have extensive experience in the beverage industry and in the Coca-Cola system, including the CEO and CFO, who have over 20 years' experience in the Coca-Cola system. This experience and knowledge of both the beverage industry and the Coca-Cola system enhances the Group's ability to evaluate and capitalise on growth opportunities in its markets, and management believes this provides the Group with certain advantages over other market participants.

Strategy

The Group's vision is to be the best FMCG company across all markets in which it operates, inspiring people and adding value through excellence. To further this vision and implement its strategy of driving sustainable and profitable growth, as well as enhancing its competitive position in its existing markets, the Group aims to:

Focus on profitable growth in sparkling beverage brands with a new growth strategy through revenue growth management and expanding the customer base. The Group will continue to focus on accelerating growth for sparkling beverage brands and per capita consumption of sparkling beverages through focused marketing efforts on the Coke trademark, investing in Coca-Cola Zero Sugar to provide more consumer choice and launching other sparkling sugar free brands, while exploring further opportunities in the sparkling beverage market, in particular, through the Fanta and Sprite brands, which involves continued focus on effective discount management and optimisation of packaging mix to continue to drive profitable volume growth, integrated channel and regional strategies and expanding the consumer base by increasing the number of transactions.

Accelerate growth in still beverage brands. The Group aims to continue to align its growth strategy and operating model with consumer tastes by continuing to invest in and grow still beverage brands. These include energy drinks, further growing Fuse Tea by focusing on further strengthening the brand and expanding the customer base, strengthening the Group's position in the juice market, including through value-added propositions, and enhancing the profitability of the bottled water brands. This is consistent with TCCC's and the Group's strategy to become a total beverage company.

Focus on increasing revenues and improving profitability in its international operations. A core element of the Group's strategy is to continue to focus on increasing revenues and improving profitability in its international operations, including through upgrading and improving its sales and distribution systems, particularly in Pakistan, Iraq and Uzbekistan.

Maintain commitment to productivity and continuous innovation. The Group seeks to maintain its commitment to productivity and continuous innovation at each stage of its business by concentrating on increasingly higher operational efficiency and effectiveness to help drive its financial performance, including through adopting and upgrading best practices and processes, as well as continuous, extensive training of its employees.

Focus on strengthening the Group's balance sheet. The Group aims to continue to strengthen its balance sheet through a number of measures, including extending the average term of the Group's debt to over five years, continuing to diversify the Group's sources of funding, and optimising the Group's average cost of funding by managing its interest rate profile, currency diversification and the maturities of its borrowings.

Continue to strengthen its reputation. The Group intends to continue to focus on strengthening its reputation, including through transparent communications with the public and adopting globally accepted reporting practices and continuing to enhance the value and recognition of the brands it distributes. It also intends to remain focused on its strong quality, environmental and health and safety standards while continuing to be proactive and innovative in protecting the environment, including continuing to minimise carbon emissions and the use of natural resources by reducing packaging, water and energy usage, and being recognised as a responsible corporate citizen. The Group also plans to continue supporting the communities it is active in by building access to safe drinking water and sponsoring youth development programmes. The Group also plans to reduce the number of calories in its portfolio of beverages.

Proactively position sparkling and still beverage brands against changing consumer demand, preferences, trends and potential regulatory changes. The Group plans to continue to closely monitor consumer demand, preferences and trends to enhance the management of its product portfolio through introducing new brands, flavours and packaging alternatives, such as the tea, energy drinks and bottled water beverages it has introduced relatively recently, with the aim of growing both the sparkling beverage and still beverage categories to drive market share gains and increase sales volumes across the markets in which it operates.

Evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks. The Group aims to gradually evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks, by focusing on technological innovation at each stage of its business, including, for example, an e-commerce customer portal ("CCI Next"), new generation client relationship management and sales force automation, and the digital transformation of its supply chain, including connected planning and digital twin.

History

The sale of Coca-Cola beverages in Turkey dates back to 1964 when IMSA, a local company, was granted the first franchise to bottle and distribute TCCC's beverages in Istanbul. Over time, TCCC awarded franchises for other areas in Turkey, including Izmir, Adana, Antalya, Bursa, Ankara and the Black Sea, to other companies among which are companies owned and managed by the Ozgörkey family. TCCC began making equity investments in bottling, sales and distribution companies in Turkey in the 1980s.

In 1996, Anadolu Efes purchased a 33.3 per cent. interest in each of the four Coca-Cola bottling companies that accounted for approximately 80 per cent. of TCCC's Turkish operations from TCCC. In 1998 these operations were expanded to include the production and sales companies of the Özgörkey group, establishing Turkey's exclusive bottler, in which Anadolu Efes' stake further increased to 40 per cent. In 2000, the production companies of this joint venture were merged into one entity named Coca-Cola Içecek Uretim A.Ş. ("CCIU"), while the sales and distribution companies were merged into one entity named Coca-Cola Satış ve Dağıtım A.S. ("CCSD"). In 2002, the Turkish bottling operations were restructured, whereby CCSD became a subsidiary of CCIU and CCIU changed its name to Coca-Cola Içecek.

In the mid-1990s, Anadolu Efes also began focusing on making Coca-Cola bottling investments in Central Asia. Production of Coca-Cola products began in Kazakhstan in 1995 and then expanded into Kyrgyzstan and Azerbaijan in 1996 and to Turkmenistan in 1998.

In 2005 and 2006 Anadolu Efes' international soft drinks operations and Turkey soft drink operations were reorganised under the Company. The Company's shares were listed on the Borsa Istanbul (then known as the Istanbul Stock Exchange) in 2006.

In 2005, a joint venture was established with local partners in the Iraqi market to bottle and sell TCCC products in Northern Iraq. In 2011, CCI (through its subsidiary CCI Holland) increased its shareholding of this Iraqi bottling company, ("CC") Company for Beverage Industry/Ltd. ("CCI NIQ"), and now holds 100 per cent. of CCI NIQ.

In 2006, the Company purchased the private natural source water company Mahmudiye Kaynak Suyu Ltd. Şti. ("Mahmudiye"), which holds exclusive extraction rights to a natural water source in Turkey, and following certain capital expenditures, Damla branded natural source water began to be sold in the Turkish market in 2007.

In 2007, the Company acquired a 50 per cent. stake in CCI Syria through CCI Holland thereby entering the Syrian market. Further acquisitions were made in 2008, with the Company acquiring 49 per cent. of CCI Pakistan. In addition, in 2009 the Company acquired TCCEC's 13.75 per cent. share and Day Investments Ltd's 12.50 per cent. share in CCI Turkmenistan, increasing its total share from 33.25 per cent. to 59.5 per cent.

In 2009, the Company purchased certain real estate and other assets of the water business of Sandras Su Gida Turizm Taşımacılık Inşaat A.Ş in order to provide additional capacity for its natural source water business.

In 2012, the Company, through its subsidiary Waha BV, bought a majority stake in Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC ("CCI SIQ"), a company that is involved in the production, sales and distribution of soft drinks in Southern Iraq.

In 2012, a new sales and distribution company, CCI Tajikistan was established, which is wholly owned by CCI.

In 2014, the Company, through its subsidiary Waha BV, increased its shareholding in CCI SIQ to 80.03 per cent.

In 2015, production started in CCI Tajikistan.

In 2021, the Group purchased a 57.12 per cent. stake in CCBU from The State Assets Management Agency of the Republic of Uzbekistan on 29 September 2021, and the remaining 42.88 per cent. stake from The Coca-Cola Company on 27 December 2021, thereby becoming the sole owner of CCBU with a 100 per cent. shareholding in the company. On 27 October 2021, it announced that it had also acquired European Refreshments' 19.97 per cent. share in Waha BV, the holding company for CCI SIQ, thereby increasing its total shareholding in Waha BV from 80.03 per cent. to 100 per cent. and its share in CCI SIQ to 100 per cent. by extension.

Impact of the COVID-19 Pandemic

The extraordinary situation created by the COVID-19 pandemic affected all industries, including soft drink industry, and management does not anticipate a sustained normalisation period until 2022.

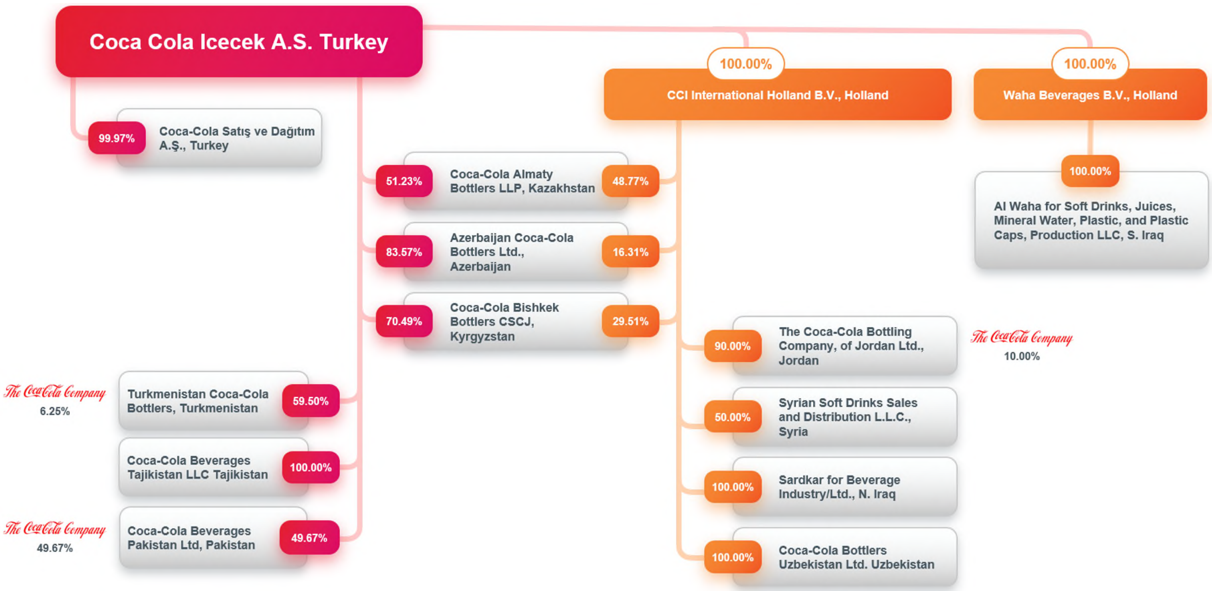
Throughout the COVID-19 pandemic, the Group's priority has been to ensure the health and safety of its employees and stakeholders. The Group has taken, and continues to take, all necessary measures according to the instructions of the governments of the jurisdictions in which it operates. It has also taken additional measures to reduce the risks associated with the pandemic, including switching to remote working practices for office workers and some sales personnel, reorganising order processes with the support of communication technologies, introducing new hygiene rules and controls and conducting employee health checks, providing masks, gloves and sanitisers to employees, dealers and distributors while disinfecting company cars and distribution vehicles, and at production sites restricting interaction between shifts and disinfecting production areas. The Group has also disseminated comprehensive information to its business partners and stakeholders.

As a result of taking these measures, and implementing others to ensure business continuity, the Group has not experienced an interruption to its production or sales activities. Plans were put in place to shift production to other facilities in the event of COVID-19 outbreaks and the Group updated its plans for decreases in demand to ensure that the production process was revised in line with demand changes driven by COVID-19. The Group also has not experienced difficulties with regard to its supply of raw, packaging and auxiliary materials.

The Group has prioritised supporting the communities in which it operates throughout the pandemic. The Group has taken action to create social benefits by focusing on the continuity of the ecosystem in these countries. This includes supplying disinfectant in certain countries, donating medical oxygen in Iraq and supporting people working in the food and beverage and entertainment sectors in the Group's markets.

Corporate Structure

The following chart shows the principal subsidiaries and joint ventures of the Company, and its shareholder structure as of the date of this Prospectus:



See "*Ownership—Certain Arrangements with TCCC*" for information about certain shareholding and corporate governance matters contained in the Company's constituent documents.

Business Overview

The Group prepares, packages, sells and distributes sparkling and still beverages trademarked by TCCC in 11 markets across Turkey, Central Asia, Pakistan and the Middle East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. During the nine months ended 30 September 2021, the Group sold approximately 1,109 million unit cases, as compared to approximately 957 million unit cases during the nine months ended 30 September 2020.

The Group's sales volume was approximately 1,184 million unit cases in 2020 as compared to approximately 1,207 million unit cases in 2019 (excluding tea volume) and approximately 1,315 million unit cases in 2018.

For the nine months ended 30 September 2021, the Group had net revenues of TRY 16,365 million, as compared to TRY 11,207 million for the nine months ended 30 September 2020. In 2020, the Group had net revenue of TRY 14,391 million, as compared to net revenue of TRY 12,008 million and TRY 10,623 million in 2019 and 2018, respectively.

Relationship with TCCC

TCCC is the Group's most important business partner and supplier, as the Company and its subsidiaries and ventures with shared control are producers, distributors and sellers of trademarked products of TCCC, while TCCC controls the global product development and marketing of its brands and supplies to the Group key raw materials, including concentrate and beverage bases for its drinks. TCCC owns the trademarks of all of the products sold by the Group (except for Damla and Damla Minera in Turkey), including brands that are specific to a market, such as Crystal and Al-Waha in Iraq. When acquiring a local bottler, TCCC often purchases from that bottler the global rights to any brands of still or sparkling beverages that they sell locally. TCCC is also the Group's second largest shareholder, holding a 20.0 per cent. interest in its share capital as at 30 September 2021. See "*Ownership—Certain Arrangements with TCCC*" for information about certain shareholding arrangements.

The Group develops local distribution channels and distributes its products to customers, either directly or indirectly through independent distributors. The Group also engages in trade marketing and establishes business relationships with local customers. The business relationship with TCCC is mainly governed by a bottler's agreement (together with a distribution agreement in some cases) with respect to each country in which the Group has bottling rights.

Bottler's agreements

A bottler's agreement is essential to participate as a bottler in the Coca-Cola system. The bottlers' agreements are the standard form that TCCC uses with bottlers outside the United States and the European Union. The Group enters into separate bottler's agreements with TCCC for each of its markets. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. TCCC has no obligation to continue this practice. TCCC has the right to change the authorised suppliers and, at any time, revise the price of concentrate and the currency or currencies acceptable to it or its authorised suppliers. If the Group is not willing to accept revised payment conditions for Coca-Cola concentrate, the bottler's agreement automatically terminates three months after the Group notifies TCCC of its disagreement. For concentrate other than Coca-Cola concentrate, if the Group is not willing to accept revised payment conditions, TCCC may at its option terminate the entire agreement or cancel the authorisation with respect to such concentrate, in either case, with three months' notice.

Under the agreements, the Group has the exclusive rights granted by TCCC in its territories to sell the beverages covered by their respective agreements in containers authorised for use by TCCC. TCCC has retained the right, under certain circumstances, to prepare, package and sell, or authorise third parties to prepare, package and sell the beverages in any manner or form not specified in the agreement within the territories of the Group. While the agreements limit the Group's ability to sell and distribute TCCC-branded products outside each of the Group's territories, TCCC is able to give consent to such sales in appropriate circumstances under these agreements.

Any party to the relevant bottler's agreement may, with 60 days' written notice to the other parties, terminate the bottler's agreement in the event of non-compliance by another party with its terms so long as the noncomplying party has not cured such non-compliance during this 60-day period. In addition, TCCC may terminate the relevant agreement upon the insolvency, bankruptcy, change of control or similar event of the Company or its bottlers. In addition to TCCC's termination rights noted above, if the Group does not comply with the standards and instructions established by TCCC with respect to the production of TCCC's trademarked beverages, TCCC has the right to suspend its authorisation to such products in the relevant market until the default has been corrected to TCCC's satisfaction. TCCC may also elect, in the event that the Group breaches the terms of a bottler's agreement with respect to a particular product, to cancel its authorisation under the relevant agreement in respect of that product.

Under the bottler's agreements, the Group undertakes a number of general obligations, including to:

- maintain adequate production and distribution facilities;
- maintain sufficient inventory of containers, closures, cases, aseptic packages, labels and other packaging materials necessary to satisfy demand in the market;
- undertake adequate quality control measures;
- develop and meet demand for TCCC trademarked beverages in its markets;
- spend such funds as necessary to maintain and increase demand for TCCC trademarked beverages in its markets; and
- maintain sound financial capacity to secure the performance of its obligations to TCCC.

In addition, the Group is required to provide an annual business plan for each of its markets to TCCC, which must be acceptable to TCCC. The bottler's agreements do not set out specific or detailed performance objectives (either financial or non-financial) on the part of the Group. In practice, the operational and day-to-day administration of the bottler's agreements are subject to discussions between TCCC and the Group.

The Group enters into separate bottlers' agreements with TCCC for each of its markets. Each of the bottlers' agreements has a fixed initial term, with agreements for 10 of the Group's markets expiring on 31 December 2027 unless they are renewed. The bottlers' agreement for Uzbekistan expired on 31 December 2021. The Company expects to sign an agreement with TCCC to extend it through 31 December 2026, with an option to further extend through 31 December 2031.The agreements may be renewed at TCCC's discretion; the Company does not have a tacit right of renewal, as discussed in further detail in "*Risk Factors—Risks Related to the Group's Business—The Group's bottlers' agreements with TCCC are critical to the Group's business*". Since the bottler's agreements do not contain any commercial terms, their renewal does not involve a renegotiation of concentrate prices or any other commercial terms.

Raw materials procurement

The Group's raw material requirements primarily comprise the ingredients required for the production of beverages and the materials required for the packaging and labelling of beverages. Raw materials costs typically account for approximately 85 per cent. of the cost of goods sold, with concentrate, sugar/sweetener and packaging materials representing over 90 per cent. of such costs in roughly equal proportion. The ingredients required for the production of beverages include concentrate, sweeteners, purified water and carbon dioxide. Packaging materials include aluminium cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns, cardboard and plastic film.

In compliance with the quality standards prescribed by its bottlers' agreements, the Group purchases all containers, closures, cases, aseptic packages, labels and other packaging materials, as well as sweeteners, from TCCC approved suppliers. In addition, the Group co-ordinates with a cross-enterprise procurement group across the wider Coca-Cola network with respect to the procurement of certain materials such as sugar, PET resin, cans, glass, aseptic fibre packaging, production and sales marketing equipment.

As noted above, pursuant to the terms of the bottlers' agreements, concentrates and beverage bases are purchased from TCCC or a company designated by it. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. Concentrate prices are adjusted on a yearly basis. Expenditure for concentrate and beverage bases constitutes one of the Group's largest raw material costs, representing 35 per cent. and 35 per cent. of its total raw material cost in the nine months ended 30 September 2021 and the year ended 31 December 2020, respectively.

Sweeteners are another significant raw material used by the Group. Expenditures for sweetener constituted 23 per cent. of the Group's total raw material cost as at 30 September 2021. In the first half of 2021, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented 95 per cent. of the volume of the Group's sweetener purchases for its domestic operations. Domestic sugar prices are set by the Turkish Government and as a result of this sugar quota legislation, the Group has to buy sugar locally, typically at much higher prices than those in the international market generally. In Turkey, the Group has historically used HFCS as an alternative to sugar to the extent that local regulation and availability of HFCS permitted, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices. The Group's international operations use sugar in their products. CCI Azerbaijan and CCI Pakistan buy sugar domestically, CCI Kyrgyzstan and CCI Tajikistan import sugar from CIS countries while for its other international operations the Group imports sugar from Europe, Russia and Thailand or other international markets (although some sugar is locally purchased depending on availability and price). Sugar prices are volatile and in respect of the Group's international operations, as at 30 July 2021, there are no long-term supply contracts beyond September 2018 in place.

Packaging materials, mainly, PET resin, preform, aluminium cans, glass bottles, cases and pallets, are sourced locally as much as possible. The most important packaging materials are PET resin, preforms and aluminium cans. The prices for PET resin, preforms and aluminium cans are affected by commodity prices, and prices for these products are typically set on a monthly basis. In Pakistan, there is one TCCC approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 13 per cent. custom duty (including duty and other custom charges).

The Group uses various tools to hedge its raw materials exposure, including through fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 100 per cent. of the expected average 2021 sugar price with its suppliers in non-regulated countries (that is, countries other than Turkey, Pakistan, Azerbaijan, Kyrgyzstan and Tajikistan, which are regulated countries). The Group also used derivative instruments to hedge the prices for approximately 92 per cent. of its aluminium needs and 100 per cent. of its PET resin needs for 2021.

Production process, quality assurance and sustainability

The production process for sparkling beverages essentially involves mixing concentrate, sugar or HFCS and treated water. The mixture is carbonated and filled in refillable or non-refillable containers (such as PET bottles, glass bottles and cans) on automated filling lines. The production process for still beverages involves essentially the same process, except that still beverages are not carbonised and juices are pasteurised.

The Group purchases all of its cans, glass bottles and the substantial majority of its refillable Home and Office Delivery ("HOD") containers from suppliers approved by TCCC. The Group manufactures all of the PET bottles it requires. To make PET bottles, injection moulding machines are used to melt PET resin into "preforms", which are hollow PET tubes. Blow moulding machines are then used to blow uniform jets of air into heated preforms, converting them into hollow PET bottles inside a fixed mould in the shape of the desired end product. This process makes it possible to manufacture a finished product with uniform thickness and consistent dimensions. In all of the production facilities that have PET filling lines, preforms are blown into non-refillable PET bottles in-house.

The Group's plants in Çorlu and Ankara, Turkey; Brunday, Kazakhstan; Lahore, Pakistan and Baku, Azerbaijan serve as the preform production centres for its operations. With 11 PET preform injection machines, the Group's annual preform capacity in Turkey was approximately 1.7 billion preforms as at 30 September 2021. With 11 PET preform injection machines (in Kazakhstan, Pakistan, and Azerbaijan), the Group's annual international operations preform capacity was approximately 1.9 billion preforms as at 30 September 2021. Sealed bottles and cans are imprinted with date codes that permit the Group to monitor, trace and replace inventory and provide fresh products.

For certain types of products with lower sales volumes, such as beverages in aluminium cans and PET bottles in Pakistan and carton packs in Azerbaijan, it is not cost-effective for the Group to install the necessary filling line. In such cases, the Group contracts with third parties to "toll fill" the product. This is done under a standard form TCCC agreement, with the toll filler having to be certified that it meets certain TCCC standards.

The Group places great importance on quality control, which is also closely monitored by TCCC. The Group's quality standards cover the entire value chain, from water purification to production and distribution of finished products. Each of the Group's facilities has a quality control laboratory for testing raw materials, packaging and finished products. The bottler's agreements with TCCC prescribe stringent quality standards covering the entire production process.

The Group's quality, environmental and occupational health and safety protocols encompass the materials used in the manufacturing and packaging of its products, as well as its production, bottling and distribution operations. The Group has implemented the Coca-Cola Operating Requirements System ("KORE"), the revised quality, environmental and occupational health and safety management system that TCCC implemented in 2010. KORE is a comprehensive system that provides a detailed description of the policies, procedures, specifications and programs required to manage product quality, occupational health and safety and environmental standards. Risk management methods for monitoring systems that help ensure product safety are also defined in KORE. KORE quality audits of the Group's plants take place annually and since 2013 these have been unannounced. In parallel with KORE, the Group's plants are regularly audited for compliance with certain ISO standards, including ISO 45001 to meet certain occupational health and safety standards, ISO 14001 to minimise environmental impact, ISO 9001 to meet certain quality requirements and FSSC 22000 to meet certain food safety standards. In addition, CCI Turkey plants comply with ISO 14064 Greenhouse Gases Standards.

In addition to its focus on quality control, the Group also emphasises the importance of sustainability in its operations, focusing on minimising carbon emissions and the use of natural resources by reducing its packaging, water and energy usage, and water and energy usage ratios are two key performance indicators that the Group routinely monitors. The Group has implemented water and energy reduction practices and programs in its production facilities, such as its Top10 and Next Top10 Energy Saving Programmes, Top10 Water Saving Programmes and Behavioural Energy Efficiency Programmes, to reduce its energy and water usage ratios. The

Group's plants are regularly audited for compliance with certain ISO standards, including ISO 50001 to meet certain energy management system standards and all of the Group's plants in Turkey and Pakistan, and the Kyrgyzstan Bishkek plant have been certified ISO 50001 compliant. The Group minimises its environmental footprint by limiting the amount of waste it disposes and disposing of waste safely and in compliance with legislation and by increasing waste recycling rates. Its main strategy is based on reducing and recycling its waste. By 2020, the Group reached a 98.14 per cent. production related waste recycling rate in its domestic operations and a 97.29 per cent. production related waste recycling rate in its Pakistan operations, and it has an overall waste recycling rate of over 90 per cent. It is also one of the co-founders of the Collect and Recycle Alliance in Pakistan, and has joined the World Resources Institute's 10*20*30 initiative to halve food waste and loss by 2030. The Group uses 8 per cent. recycled PET in Turkey, and it believes that it has saved over 15 thousand tonnes of packaging materials in the last eight years as a result of its lightweight PET bottle efforts. The Group believes that it has avoided CO2 production through a variety of measures: in 2020, it avoided 96 thousand tonnes of CO2 via returnable glass bottle practices, 45 thousand tonnes through the use of operational excellence measures, over 50 thousand tonnes through the use of non-HFC coolers and over 2 thousand tonnes through the use of coolers equipped with energy management devices. Its core energy usage ratio in 2020 was 0.407 MJ/L.

In 2020, the Group's average amount of water used to produce one litre of product was 1.69 L/L. To date, the Group has replenished 12 billion litres of water through community project involving water savings and sustainable agricultural practices, and it has used 449 thousand cubic metres of recycled water for secondary purposes such as irrigation and plant cleaning.

The Group has also developed a low-cost plant design for greenfield plants, "Simplant", which can be used for multiple plants. All of the new plants currently being developed in the Group use this design. This simplified design reduces the environmental footprint of the development of new plants by tailoring plant design for operational efficiency and eliminating unnecessary design features that increase costs in the design of plants.

The Group has been recognised for its focus on sustainability. It is the first and only bottler in the Coca-Cola system which is in the UN Global Compact 100 index, and it has received a Tier 1 ranking from the Arguden Governance Academy (the only company in Turkey to receive this ranking), the number one ranking in Turkey for 2017, 2018 and 2019 from the World Business Council for Sustainable Development, and the highest score among peer companies in emerging markets from Vigeo Eiris.

Marketing, sales and distribution

Marketing efforts with respect to the Group's products are divided into three types of marketing:

- consumer marketing, which targets the individuals who ultimately consume the Group's products;
- customer marketing, which targets the outlets and distributors to whom the Group sell products for onward sale to shoppers/consumers; and
- shopper marketing, which targets the individuals who purchase the Group's products.

TCCC is generally responsible for brand advertising, brand monitoring and other above-the-line marketing activities. Generally, TCCC focuses on consumer marketing, involving the building of brand equity, analysing consumer preferences, formulating the brand marketing strategy and media advertising design. The consumer marketing effort is carried out and mostly paid for by TCCC in co-ordination with the Company, and includes television, radio and digital advertising, particularly around significant events such as Ramadan, New Year and Nevruz and various music and sports events in Turkey and the Group's other markets.

The Group is principally responsible for all shopper and customer marketing, as well as other below-the-line marketing activities, and the Group also undertakes other brand support activities. The Group concentrates on developing customer strategy, executing marketing activities at the shopper/customer level, involving the development of the relationship with its customers, occasion-based marketing at the point of purchase and carrying out consumer/customer promotional activities to build a strong presence in the marketplace.

The Group's sales and marketing strategy is to drive profitable volume growth by creating and fulfilling demand for its products and, in particular, by increasing the number of occasions during which consumers can enjoy them. Accordingly, the Group aims to reach consumers wherever they are, with the right mix of brands, in the right packages (including availability of cold drinks for immediate consumption) and with a meaningful brand message that is relevant for the particular market.

The Group does not prepare, package, sell or distribute in Turkey or any other country in which it operates own brands or products from any company unaffiliated with TCCC, except for Damla and Damla Minera natural source water in Turkey. The Damla and Damla Minera brands were transferred to CCI by TCCC, as Turkish law requires that the person selling bottled water owns the brand. There is a call option in favour of TCCC with respect to Damla and Damla Minera that can be used upon a change in the law that allows TCCC to register these brands in its own name. In addition, the Group generally does not distribute outside of the relevant country any products prepared and packaged in that country's plants. However, the Group has received special authorisation under its bottler's agreement for Turkey to sell products to a subsidiary of TCCC in Turkey for resale in the Turkish Republic of Northern Cyprus. In addition, the Group exports some products prepared and packaged in Kazakhstan and Azerbaijan to Kyrgyzstan and from Jordan to Syria and Palestine.

The following table sets forth the principal brands in each of the Group's markets:

Market	**Principal brands**
Turkey	Coca-Cola, Coca-Cola Zero Sugar, Coca-Cola Light, Fanta, Sprite, Cappy, Schweppes, Burn, Monster, Fuse Tea, Damla, Damla Minera, Powerade, Exotic
Pakistan	Coca-Cola, Coca-Cola Zero Sugar, Diet Coke, Fanta, Sprite, Sprite Zero, Sprite 3G, Rani, Monster, Kinley, Cappy
Kazakhstan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Sprite, Schweppes, Burn, Piko, Bonaqua, Fuse Tea, Monster
Iraq	Coca-Cola, Coca-Cola Light, Fanta, Sprite, Crystal, Al-Waha, Damla Minera, Sprite Light
Azerbaijan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Sprite, Cappy, Cappy Tempo, Monster, Bonaqua, Fuse Tea, Burn
Turkmenistan....................................	Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Bonaqua
Kyrgyzstan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Fanta, Sprite, Schweppes, Burn, Piko, Bonaqua, Fuse Tea
Uzbekistan	Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, FuseTea, Bonaqua
Jordan	Coca-Cola, Coca-Cola Light, Fanta, Sprite, Sprite Light, Burn, Cappy, Arwa, Minute Maid, Monster
Tajikistan	Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Fuse Tea, Bonaqua, Burn

The Group has designated different geographic sales regions in each of the countries in which it operates. Each has a sales manager who has responsibility for implementing the Group's strategies at the local level and who leads a team of representatives responsible for sales, customer relations, merchandising and individual account management. In each of its markets, the Group tailors its sales strategy to reflect the level of development and local customs in the marketplace. The Group believes that its local sales management is in the best position to evaluate the particular circumstances of each market and address its particular needs. The Group also uses key account/key customer management to build and reinforce strong relationships with its major customers. Key account managers work with customers to increase sales volume, revenue and category profitability by sharing their expertise in merchandising and supply chain management, and by helping customers through developing tailor-made promotions. Key account managers also negotiate the commercial terms of their relationship with major customers.

The Group's sales force is organised by channel (modern retail, discount, on premise and traditional) within each geographic region and within each country. The size and depth of sales organisations in each country differ based on the country's geographic size, population density and business opportunities. Generally, the Group's operation in each country has a sales manager responsible for the sales force. In Turkey and the Group's international markets, products are either sold and delivered to customers directly or sold through independent distributors, who are responsible for warehousing, dispatching and delivering the Group's beverages to customers. In certain instances, the Group is responsible for order taking through its own pre-sellers and products are then delivered to customers by distributors.

In the nine months ended 30 September 2021, the Group sold 60 per cent. of its products through the traditional channel, 18 per cent. through the on premise channel, 14 per cent. through the modern retailer channel and 7 per cent. through the discount channel. The following table sets out the growth of the Group's sales by channel for the nine months ended 30 September 2021 as compared to the nine months ended 30 September 2020.

	Traditional	**On Premise**	**Modern Retail**	**Discount**
		(%)		
Domestic	5	32	15	28
International	17	41	22	55
Consolidated	13	35	18	29

In 2006, the Group sold 81 per cent. of its products by volume in Turkey, with the balance being sold to its international markets. In 2020, the Group sold 43 per cent. of its products in Turkey, 27 per cent. of its products in Pakistan, 12 per cent. of its products in Kazakhstan, 9 per cent. of its products in Iraq and the balance of its products in its other international markets. In the nine months ended 30 September 2021, the Group sold 42 per cent. of its products in Turkey, 29 per cent. of its products in Pakistan, 12 per cent. of its products in Kazakhstan, 8 per cent. of its products in Iraq and the balance of its products in its other international markets.

Domestic operations

The Group's operations in Turkey are conducted by CCI. CCI owns the bottling facilities in Turkey. CCSD is responsible for conducting the Group's sales, marketing and distribution activities in Turkey. CCI holds exclusive extraction rights to natural water sources in Bursa and Köyceğiz in Turkey, while another of CCI's subsidiaries, Mahmudiye, holds exclusive extraction rights to a natural water source in Sapanca and Hazar, Turkey and bottles Damla natural source water that the Group sells in Turkey. Turkey accounted for 42 per cent. of the Group's total sales volume for the nine months ended 30 September 2021 and 43 per cent. for the year ended 31 December 2020.

During the nine months ended 30 September 2021, the Group sold approximately 467 million unit cases in Turkey, as compared to 406 million unit cases during the nine months ended 30 September 2020. In 2020, the Group sold approximately 512 million unit cases in Turkey, as compared to 554 million unit cases in 2019 and 650 million unit cases in 2018.

For the nine months ended 30 September 2021, the Group's domestic operations had net revenues of TRY 6.665 million, as compared to TRY 4,839 million for the nine months ended 30 September 2020. In 2020, the Group's domestic operations had net revenue of TRY 6,188 million, as compared to TRY 5,524 million and TRY 4,690 million in 2019 and 2018, respectively.

Market Overview

The size of the sparkling beverage market in Turkey in 2020 in terms of consumption was estimated by GlobalData to be approximately 572 million unit cases with an annual per capita consumption of 38.7 litres.

The Company is the leading sparkling soft drinks producer in Turkey, with a share of 65.5 per cent. of the Turkish sparkling soft drinks market, a leading juice drink producer in Turkey with a share of 27.1 per cent. of the juice drink market and among the leading producers of RTD ice tea in Turkey with market shares of 22.5 per cent. of the RTD ice tea market, as measured by sales volume in 2020, according to Nielsen. The soft drinks industry in Turkey is highly competitive. Soft drinks are offered by a wide range of competitors, including major international beverage companies such as the Pepsi Cola International and local beverage companies such as the Ulker Group. In addition, the Company faces competition from local non-premium brand producers and distributors, which typically produce, market and sell sparkling and still beverages at prices lower than the Group's, especially during the summer months. In Turkey, the Group competes on the basis of brand share, availability, brand image and quality.

Facilities

The Group owned and operated 10 bottling plants in Turkey as at 30 September 2021, located in Ankara, Çorlu, Izmir, Bursa, Mersin, Elaziğ, Sapanca, Köyceğiz, Isparta and Hazar. In 2020, the total annual bottling capacity of the Group's bottling plants in Turkey was approximately 703 million unit cases and the total average capacity utilisation of its plants was 73 per cent. See "*Operating and Financial Review—Capital Expenditures*".

Products

The following table sets forth the products sold by the Group in Turkey as at September 2021, their year of introduction in Turkey and (if relevant) the flavours in which they are currently offered:

Brand	**Year of introduction**	**Flavours/Types as at 2021**
Sparkling Beverages		
Coca-Cola	1964	—
Fanta.....................................	1985	Orange, Pulpy Orange, Tangerine
Coca-Cola light	1986	—
Sprite	1987	Lemon, Lemon-Lime Light
Schweppes............................	1990(1)	Ginger, Bitter Lemon, Tangerine, Tonic
Burn	2003	Original, Gold, Passion Punch
Coca-Cola Zero Sugar...........	2008	—
Monster	2016	Green (Original), Ultra, Mango Loco
Still Beverages		

Brand	Year of introduction	Flavours/Types as at 2021
Cappy	1994	100% Apple-Multi Fruit, 100% Apple-SCherry, 100% Apple Peach, Apple, Apricote, Apricote Juice, Atom, Destek, Cherry, Fruit Bits Mix, Fruit Bits Peach, Mixed, Orange, Peach, Pulpy Orange, Pulpy Tangerine, Ramadan Sherbet, Tomato, Lemonade
Powerade...............................	2002	Ice Blast, Sun Rush
Damla water..........................	2007	—
Damla Minera	2008	Apple, Lemon
Fuse Tea	2012	Lemon, Peach, Mango-pineapple, Strawberry-Melon, Watermelon

Note:

(1) Relaunch

The Group sells Schweppes in various flavours pursuant to a separate agreement with Schweppes Holdings Limited, a subsidiary of TCCC. Under this agreement, if TCCC terminates the Group's bottler's agreement for Turkey, then Schweppes has the right to terminate its agreement.

The Group's core brands in Turkey are the sparkling beverages Coca-Cola, Coca-Cola Light, Coca-Cola Zero Sugar, Fanta and Sprite, as well as the still beverages Cappy Fuse Tea and Damla. Sparkling beverages continue to represent a large proportion of sales volume in Turkey, although still beverages have continued to grow during the period under review.

The following table sets forth certain information about the Group's unit case sales volume in Turkey:

	Nine months ended 30 September				**Year ended 31 December**					
	2020		**2021**		**2018**		**2019**		**2020**	
	Sales volume	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**
Sales volumes		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[(1)])*	296	72.7	338	72.4	360	55.3	373	67.4	373	72.9
Still beverages *(mn unit cases[(1)])*	43	10.5	53	11.3	61	9.4	63	511.4	55	10.7
Water (*mn units cases*)	68	16.7	76	16.4	116	17.8	118	21.7	84	16.5
Tea (*mn unit cases[(1)]*) [(2)]................................					114	17.5				
Total *(mn unit cases[(1)])*	**406**	**100**	**467**	**100**	**650**	**100**	**554**	**100**	**512**	**100**

Notes:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

(2) Reflects sales of Doğadan tea products, which the Group distributed in Turkey until 2019.

The Group's leading sparkling beverages by sales volume in Turkey are Coca-Cola and Fanta. Other key brands in the sparkling category are Coca-Cola Zero Sugar, Coca-Cola Light, Sprite, and Schweppes. Although sparkling beverage consumption in Turkey has decreased in the last three years, the Group believes there is still potential for sales volume growth per capita. As a result of the reduced growth in sparkling beverage sales volume in Turkey, the Group has shifted its focus in Turkey from top line revenue growth to maximising profitability through a revenue growth management strategy which involves promotion management and channel strategy and expanding the consumer base by increasing the number of transactions and accelerating sales in still beverages. The Group intends to continue its efforts to increase consumption of sparkling beverages in Turkey in general, with a focus on the flavoured beverage market with Fanta, Sprite and Schweppes and the sugar-free market with Coca-Cola Zero Sugar to capture a broader demographic in the Turkish market.

The variety of still beverages available continues to grow in Turkey, with new products being brought to the market on a regular basis. Recent years have seen the relative importance of still beverages grow in the Group's range of beverages offered in Turkey. This is partly attributable to changing consumer preferences as well as the Group's increased emphasis on offering a wider variety of soft drinks. The Group's still range of beverages includes 100 per cent. fruit juices, RTD tea, sports drinks, energy drinks and mineral water and water. RTD tea sales in particular have been a strong category for the Group and the Group intends to further grow the Fuse Tea brand.

Marketing, sales and distribution

The Group's marketing strategy in relation to sparkling beverages is to sustain balanced volume and value growth by increasing the availability of its products and the number of transactions consumers have with its products, optimising package mix, having consistent consumer communications across all media and maintaining its presence across the range of sparkling beverages to enhance revenues from consumers at all income levels. The Group's marketing strategy in relation to still beverages is to grow profits in the juice market through innovative flavours and packaging and to focus and invest in the RTD ice tea market.

The Group employs a number of marketing channels to advertise its products, including TV, radio, digital, consumer promotions and outdoor (billboard) advertising. Part of the Group's marketing strategy is to associate the Coca-Cola brand with various occasions, such as meals, Ramadan, football and music.

In Turkey, the Group's sales force is organised by channel with a focus on acquiring new customers and developing strategies to increase sales across every channel, as well as to more effectively tailor cooler placement, in-store displays and other promotional materials and product mix for its customers. Its customers include "mom and pop" convenience stores, dried fruit vendors, kiosks, larger grocery stores, cash and carries, discount shops, hotels and on-premise outlets such as restaurants. According to a decision by the Turkish Competition Board, in certain limited circumstances, where cooler capacity at a sales point is limited and if such sales point consents, the Group will be required to allow competitors' products to be placed in its coolers, up to a maximum of 20 per cent. of such coolers' capacity.

The Group's HOD water business in Turkey has a separate, dedicated organisation dealing with the sale and distribution of 19-litre refillable containers and 15-litre glass bottles to the HOD market.

The Group's distribution network in Turkey services its customers through its direct sales and distribution system and through exclusive independent distributors. Approximately 65 per cent. of the Group's sales volume in Turkey 2020 was made through independent distributors, who are responsible for order taking, warehousing, dispatching and delivering products to customers. In certain instances, the Group is responsible for order taking through its own pre-sellers, online order taking e-commerce system and telsell and products are then delivered to customers by distributors. In 2012, the Group opened the CCI Customer Call centre in Turkey to enable customers and distributors to call it directly to receive information, get support, as well as share their requests.

Most deliveries are made using Coca-Cola branded vehicles. CCI does not generally own distribution vehicles as part of its business model. CCI has a small fleet of vehicles in Turkey used for transportation between its production plants and warehouses but the majority of Coca-Cola branded distribution trucks in Turkey are owned or leased by independent distributors.

International operations

The Group's international soft drinks operations, which are located in Central Asia, the Middle East and Pakistan, are conducted through subsidiaries and joint ventures. Management estimates that the Group is the largest sparkling soft drinks business operating in Central Asia. The Company owns and operates the Coca-Cola bottling facilities in Kazakhstan (CCI Kazakhstan), Pakistan (CCI Pakistan), Northern Iraq (CCI NIQ), Southern Iraq (CCI SIQ), Azerbaijan (CCI Azerbaijan), Turkmenistan (CCI Turkmenistan), Kyrgyzstan (CCI Kyrgyzstan), Jordan (CCI Jordan) and Tajikistan (CCI Tajikistan). The Group's operations in Pakistan, Southern Iraq and Turkmenistan are undertaken through ventures and arrangements with strategic partners. See "*Risk Factors—Risks Related to the Group's Business—Certain of the Group's operations are conducted through affiliates and ventures with shared control*".

As of 30 September 2021, international bottling operations encompassed 19 bottling plants, and in 2020 the annual bottling capacity was approximately 930 million unit cases. During the nine months ended 30 September 2021, the Group's international bottling operations sold approximately 642 million unit cases, as compared to 551 million unit cases during the nine months ended 30 September 2020. In 2020, the Company's international bottling operations sold approximately 672 million unit cases, as compared to 654 million unit cases in 2019 and 664 million unit cases in 2018.

For the nine months ended 30 September 2021, the Group's international operations had net revenues of TRY 9,719 million, as compared to TRY 6,369 million for the nine months ended 30 September 2020. In 2020, the Group's international operations had net revenue of TRY 8,204 million, as compared to TRY 6,488 million and TRY 5,935 million in 2019 and 2018, respectively.

The following table sets forth certain information about the Group's international markets and production operations:

	Number of facilities		**Capacity**	**Sparkling beverage market share**
	As at 30 September 2021	**As at 31 December 2020**	**(2020)**	**(2020)**
Country			*(mn unit cases)*	*(%)*
Pakistan	6	6	432	43.7[1]
Kazakhstan	2	2	181	52.2[1]
Northern Iraq	1	1	41	37.7[1][2]
Southern Iraq	2	2	116	37.7[1][2]
Azerbaijan	1	1	66	71.5[1]
Uzbekistan [4]	3	0	N/A	-

Country	Number of facilities: As at 30 September 2021	Number of facilities: As at 31 December 2020	Capacity (2020) (mn unit cases)	Sparkling beverage market share (2020) (%)
Turkmenistan	1	1	29	34.7[(1)]
Kyrgyzstan	1	1	19	58.7[(1)]
Jordan	1	1	32	17.1[(1)]
Tajikistan	1	1	14	24.9[(3)]

Notes:

(1) Source: Group's internal estimates based on GlobalData .

(2) Represents market share data for Iraq as a whole.

(3) Source: Company's own estimates.

(4) The Group acquired its Uzbekistan operations in 2021. Uzbekistan has 3 production plants with total bottling capacity of approximately 130mn unit cases as of 30 September 2021.

The following table sets forth certain information about the Group's unit case sales volume for its international operations:

	Nine months ended 30 September[(1)]				Year ended 31 December[(2)]					
	2020		2021		2018		2019		2020	
	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total
Sales volumes		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[(1)])*	488	88.7	571	88.9	571	86	560	85.6	597	88.8
Still beverages *(mn unit cases[(1)])*	22	4.1	30	4.7	26	3.9	29	4.4	27	4.02
Water (*mn units cases*)	41	7.3	41	6.5	67	10.1	65	9.9	48	7.2
Tea (*mn unit cases*)					0.4	0.1	0.5	0.1	-	-
Consolidated[(2)] international *(mn unit cases[(1)])*	**551**	**100**	**642**	**100**	**664**	**100**	**654**	**100**	**672**	**100**

Notes:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

(2) After eliminations.

Pakistan

The Group acquired an interest in CCI Pakistan in 2008. See "*Risk Factors—Risks Related to the Group's Business—Certain of the Group's operations are conducted through affiliates and ventures with shared control*".

During the nine months ended 30 September 2021, CCI Pakistan sold approximately 327 million unit cases, as compared to 265 million unit cases during the nine months ended 30 September 2020. In 2020, CCI Pakistan sold approximately 325 million unit cases, as compared to 309 million unit cases in 2019 and 335 million unit cases in 2018.

Market overview

The size of the soft drink market in Pakistan in terms of consumption is estimated by GlobalData to be approximately 1.2 billion unit cases with an annual per capita consumption of 31 litres (19 litres for sparkling beverages) in 2020.

The Group is Pakistan's largest sparkling beverage bottler with an average share of 43.7 per cent. of the Pakistani sparkling beverage market in 2020, as measured by sales volume, according to the Group's internal estimates based on GlobalData.

The Group also had a market share of 0.6 per cent. in the juice market and a market share of 5.8 per cent. in the packaged water market as measured by sales volume within urban Pakistan in 2020, according to the Group's internal estimates based on GlobalData. The Group's primary competitors in Pakistan are Pepsi Cola International and Gourmet. Other competitors are smaller independent brands and imports. In Pakistan, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI Pakistan operated six bottling plants as at 30 September 2021, located in Lahore, Gujranwala, Rahim Yar Khan, Faisalabad, Karachi and Multan. In 2020, the total annual bottling capacity of the five plants was approximately 432 million unit cases and the total average capacity utilisation of the plants was 75 per cent. To address potential capacity constraints the Group currently plans to modernise and expand certain plants, as well as construct new plants in Islamabad. See "*Operating and Financial Review—Capital Expenditures*".

Products

The Group's core brands in Pakistan are Coca-Cola, Coca-Cola Zero Sugar, Sprite and Fanta. Other brands include Diet Coke, Sprite Zero, Sprite 3G, Monster, Kinley, Cappy, Schweppes and Rani. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Pakistan. Sparkling beverages continue to represent a substantial proportion of sales volume in Pakistan.

The following table sets forth certain information about the Group's unit case sales volume in Pakistan:

	Nine months ended 30 September[(1)]				**Year ended 31 December[(2)]**					
	2020		**2021**		**2018**		**2019**		**2020**	
	Sales volume	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**
Sales volumes (excluding intercompany sales)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[(1)])*.........	265	97.2	317	97.2	323	96.4	299	96.8	316	97.0
Still beverages *(mn unit cases[(1)])*................	0.6	0.2	1	0.3	1.7	0.5	1.4	0.5	0.8	0.2
Water (*mn units cases*)	7	2.6	8	2.5	10	3.0	8	2.7	9	2.7
Total *(mn unit cases[(3)])*.......................	**273**	**100**	**327**	**100**	**335**	**100**	**309**	**100**	**325**	**100**

Note:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

Sales and distribution

CCI Pakistan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts and other retail outlets in key cities such as Lahore, Karachi, Islamabad, Faisalabad, Gujranwala, Multan and Rahim Yar Khan. As at 30 September 2021, CCI Pakistan operated through approximately 522 distributors in Pakistan.

Kazakhstan

CCI Kazakhstan was established in 1994 and became the first producer of TCCC products in Kazakhstan in 1995. During the nine months ended 30 September 2021, CCI Kazakhstan sold approximately 134 million unit cases, as compared to approximately 116 million unit cases during the nine months ended 30 September 2020.

Market Overview

The size of the soft drink market in Kazakhstan in terms of consumption is estimated by GlobalData to be approximately 425 million unit cases with an annual per capita consumption of 128 litres (54 litres for sparkling beverages) in 2020.

CCI Kazakhstan is Kazakhstan's largest sparkling soft drinks provider with an average share of 52.2 per cent. of the Kazakh sparkling beverage market in 2020 as measured by sales volume, according to Nielsen. Furthermore, the Group held market shares of 14.2 per cent. in the juice market, 19.7 per cent. in the mineral water market and 34.9 per cent. in the RTD ice tea market in Kazakhstan in 2020 as measured by sales volume, according to Nielsen. The Group's primary competitors in the Kazakh market are RG Brands, Pepsi Cola International and Yuniks. Other competitors are smaller independent brands and imports. In Kazakhstan, the Group competes on the basis of market share, brand availability and visibility in the market, as well as on product quality.

Facilities

CCI Kazakhstan operated two bottling plants as at 30 September 2021, which are located in Almaty and Nur-Sultan. In 2020, the annual bottling capacity of the two plants was approximately 181 million unit cases and the average capacity utilisation of the plants was 82 per cent.

Products

The Group's core brands in Kazakhstan are Coca-Cola, Coca-Cola Zero Sugar, Fanta and Sprite. Other key brands include Bonaqua, Piko, Schweppes, Monster, Fuse Tea and Burn. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Kazakhstan. The Group's sparkling beverages continue to represent a large proportion of sales volume in Kazakhstan, although still beverages have continued to grow during the period under review.

The following table sets forth certain information about the Group's unit case sales volume in Kazakhstan:

	Nine months ended 30 September				Year ended 31 December					
	2020		2021		2018		2019		2020	
	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total
Sales volumes (excluding intercompany sales)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases(1))*	90	78	101	76	95	76	106	75	113	79
Still beverages *(mn unit cases(1))*	16	14	21	16	18	15	20	14	20	14
Water (*mn units cases*)	10	8	11	8	12	9	15	11	11	7
Total *(mn unit cases(1))*	**116**	**100**	**134**	**100**	**125**	**100**	**142**	**100**	**144**	**100**

Note:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

Sales and distribution

CCI Kazakhstan manages the distribution of its products through a combination of direct and indirect sales. Direct sales are made in key account and hotel, restaurant and café channels through CCI Kazakhstan's pre-sellers and delivery through hybrid distributors and third party company Almaty KA channel. CCI Kazakhstan uses a direct sales model in key cities such as Almaty and Nur-Sultan and also operates through approximately 62 distributors in Kazakhstan. Products delivered in Almaty and Nur-Sultan cities are transported by trucks, while products delivered to the rest of Kazakhstan are transported by rail from the Almaty and Nur-Sultan plants.

Iraq

The Group entered the beverage market of Northern Iraq in 2006 with a local partner and established a sales and distribution system in that market. In 2011, the Group increased its holding in CCI NIQ from 30 per cent. to 100 per cent. In 2012, the Group acquired a majority interest in CCI SIQ, thus entering the beverage market of Southern Iraq, and in 2021 it acquired 100 per cent. of CCI SIQ. During the nine months ended 30 September 2021, the Group sold approximately 36 million unit cases in Northern Iraq and approximately 50 million unit cases in Southern Iraq, and sold 35 million unit cases during the nine months ended 30 September 2020 in Northern Iraq and 50 million unit cases in Southern Iraq. In 2020, the Group sold approximately 44 million unit cases in Northern Iraq, as compared to 45 million unit cases and 41 million unit cases in 2019 and 2018, respectively. In 2020, the Group sold approximately 62 million unit cases in Southern Iraq, as compared to 66 million cases in 2019 and 68 million cases in 2018.

Following the CCI SIQ acquisition, although the Group now runs the business with an overall country general manager for Iraq, its Iraqi operations are run as two separate operations through separate shareholding structures. The Group views Northern and Southern Iraq as two distinct markets with different characteristics and stages of development, and thus approaches them with differentiated marketing strategies and separate sales operations and distribution channels.

Market overview

The size of the soft drink market in Iraq in terms of consumption is estimated by GlobalData to be approximately 944 million unit cases with an annual per capita consumption of 133 litres (33 litres for sparkling beverages) in 2020.

The Group is Iraq's second-largest sparkling beverage bottler with an average share of 37.7 per cent. of the Iraqi sparkling beverage market in 2020, as measured by sales volume, according to the Group's internal estimates based on GlobalData. The Group's primary competitor in Iraq is Pepsi Cola International. Other competitors are smaller independent brands and imports. In Iraq, the Group competes on the basis of market share, brand availability, visibility and quality.

Northern Iraq-CCI NIQ

Facilities

CCI NIQ operated one bottling plant as at 30 September 2021, which is located in Erbil. In 2020, the annual bottling capacity of the plant was approximately 41 million unit cases and the average capacity utilisation of the plant was 91 per cent. See "*Operating and Financial Review—Capital Expenditures*".

Products

The Group's core brands in Northern Iraq are Coca-Cola, Fanta and Sprite. Other brands include Coca-Cola Light, Al-Waha and Damla Minera. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold in Iraq. Sparkling beverages continue to represent a substantial proportion of sales volume in Northern Iraq.

The following table sets forth certain information about the Group's unit case sales volume in Northern Iraq:

	Nine months ended 30 September				**Year ended 31 December**					
	2020		**2021**		**2018**		**2019**		**2020**	
	Sales volume	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**
Sales volumes (excluding intercompany sales)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[1])*	30	86	32	88	33	81	36	80	38	86
Still beverages *(mn unit cases[1])*										
Water (*mn units cases*)	5	14	4	12	8	19	9	20	6	14
Total *(mn unit cases[1])*	**35**	**100**	**36**	**100**	**41**	**100**	**45**	**100**	**44**	**100**

Note:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

Sales and distribution

CCI NIQ manages the distribution of its products in Northern Iraq through a combination of delivering by hybrid distributors in Erbil and through conventional distributors in the rest of the country. CCI NIQ operated through approximately 26 distributors in Northern Iraq as at 30 September 2021.

Southern Iraq-CCI SIQ

Facilities

CCI SIQ operated two bottling plants as at 30 September 2021, located at Hilla and Karbala. In 2020, the annual bottling capacity of the two plants was 116 million unit cases and the average capacity utilisation of the plants was 57 per cent.

Products

The Group's core brands in Southern Iraq are Coca-Cola, Fanta and Sprite. Other brands include Crystal, Coca-Cola Light, Sprite Light and Al-Waha. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold in Iraq. Sparkling beverages represent approximately 80 per cent. sales volume in Southern Iraq.

The following table sets forth certain information about the Group's unit case sales volume in Southern Iraq:

	Nine months ended 30 September				Year ended 31 December					
	2020		2021		2018		2019		2020	
	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total	Sales volume	Per cent. of total
Sales volumes (excluding intercompany sales)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[1])*	41	81	44	88	47	68	47	72	51	82
Still beverages *(mn unit cases[1])*										
Water (*mn units cases[1]*)	9	19	6	12	21	32	19	28	11	18
Total *(mn unit cases[1])*	**50**	**100**	**50**	**100**	**68**	**100**	**66**	**100**	**62**	**100**

Note:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

Sales and distribution

CCI SIQ manages the distribution of its products in Southern Iraq through a combination of direct and indirect sales. 49 per cent. of sales are direct sales. 49 per cent. of sales of CCI SIQ are indirect sales through wholesalers. CCI SIQ distributes TCCC brands in Southern Iraq through distributors (36 per cent. of which are hybrid distributors, with the remainder being conventional distributors). CCI SIQ operated through approximately 24 distributors and wholesalers in Southern Iraq as at 30 September 2021.

Azerbaijan

CCI Azerbaijan became the first producer of TCCC products in Azerbaijan when it was established in 1996. During the nine months ended 30 September 2021, CCI Azerbaijan sold approximately 49 million unit cases, as compared to 41 million unit cases during the nine months ended 30 September 2020. In 2020, CCI Azerbaijan sold approximately 49 million unit cases, as compared to 50 million unit cases in 2019 and 42 million unit cases in 2018.

Market overview

The size of the soft drink market in Azerbaijan in terms of consumption is estimated to be approximately 132 million unit cases with an annual per capita consumption of 74 litres (31 litres for sparkling beverages) by GlobalData in 2020.

The Group is Azerbaijan's largest soft drink provider with an average share of 71.5 per cent. of the Azerbaijan sparkling beverage market in 2020, as measured by sales volume, according to the Group's internal estimates based on GlobalData. The Group's primary competitors in Azerbaijan are Pepsi Cola International and the Jale Group. Other competitors are smaller independent brands and imports. In Azerbaijan, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI Azerbaijan operated one bottling plant as at 30 September 2021, which is located in Baku. In 2020, the annual bottling capacity of the plant was approximately 66 million unit cases and the average capacity utilisation of the plant was 72 per cent.

Products

The Group's core brands in Azerbaijan are Coca-Cola, Coca-Cola Zero Sugar, Fanta and Sprite. Other brands include Cappy, Cappy Tempo, Burn, Monster, Bonaqua and Fuse Tea. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Azerbaijan. Sparkling beverages continue to represent a large proportion of sales volume in Azerbaijan.

The following table sets forth certain information about the Group's unit case sales volume in Azerbaijan.

	Nine months ended 30 September				**Year ended 31 December**					
	2020		**2021**		**2018**		**2019**		**2020**	
	Sales volume	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**	**Sales volume**	**Per cent. of total**
Sales volumes (excluding intercompany sales)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[(1)])*	32	78.6	38	76.4	30	70.9	37	74	39	79.6
Still beverages *(mn unit cases[(1)])*	3	7.2	4	8.7	3	6.6	4	7.1	3	7.0
Water (*mn units cases[(1)]*)	6	14.2	7	14.9	9	22.1	9	18.7	7	13.4
Total *(mn unit cases[(1)])*	**41**	**100**	**49**	**100**	**42**	**100**	**50**	**100**	**49**	**100**

Note:

(1) One unit case is equal to 5.678 litres or 192 US fluid ounces.

Sales and distribution

CCI Azerbaijan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts and other retail outlets in Baku. CCI Azerbaijan operated through approximately 31 distributors in Azerbaijan as at September 2021.

Turkmenistan

CCI Turkmenistan was established in 1998, when it became the first producer of TCCC products in Turkmenistan. During the nine months ended 30 September 2021, CCI Turkmenistan sold approximately 3 million unit cases, as compared to 2 million unit cases during the nine months ended 30 September 2020. In 2020, CCI Turkmenistan sold approximately 3 million unit cases, as compared to 1 million unit cases in 2019 and 10 million unit cases in 2018.

Market overview

The size of the soft drink market in Turkmenistan in terms of consumption is estimated to be approximately 60 million unit cases with an annual per capita consumption of 57 litres (7 litres for sparkling beverages) by GlobalData in 2020. The Group is the leading soft drink provider in Turkmenistan with an average share of 34.7 per cent. of the Turkmenistan sparkling beverage market in 2020, as measured by sales volume according to the Group's internal estimates based on GlobalData. The Group's primary competitors in Turkmenistan are Pepsi (produced and distributed by Akdas, a local company) and small independent brands and imports. In Turkmenistan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Turkmenistan operates one bottling plant located in Ashgabat. In 2020, the annual bottling capacity of the plant was approximately 29 million unit cases and the average capacity utilisation of the plant was 18 per cent. This utilisation rate was due to strict government controls on currency convertibility and difficulties procuring raw materials.

Products

Principal brands sold by the Group in Turkmenistan include Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite and Bonaqua. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Turkmenistan.

Sales and distribution

CCI Turkmenistan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made in Ashgabad, while 23 distributors operate throughout the rest of Turkmenistan.

Kyrgyzstan

CCI Kyrgyzstan became the first producer of TCCC products in Kyrgyzstan when it was established in 1996. During the nine months ended 30 September 2021, CCI Kyrgyzstan sold approximately 21 million unit cases, as compared to 17 million unit cases during the nine months ended 30 September 2020. In 2020, CCI Kyrgyzstan sold approximately 22 million unit cases, as compared to 22 million unit cases in 2019 and 20 million unit cases in 2018.

Market overview

The size of the soft drink market in Kyrgyzstan in terms of consumption is estimated to be approximately 79 million unit cases with an annual per capita consumption of 69 litres (27 litres for sparkling beverages) by GlobalData in 2020. The Group is the largest soft drink provider in Kyrgyzstan with an average share of 58.7 per cent. of the Kyrgyzstan sparkling beverage market in 2020, as measured by sales volume according to the Group's internal estimates based on GlobalData. The Group's primary competitors in Kyrgyzstan are Pepsi Cola International and Umut. Other competitors are smaller independent brands and imports. In Kyrgyzstan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Kyrgyzstan operated one bottling plant as at 30 September 2021, which is located in Bishkek. In 2020, the annual bottling capacity of the plant was approximately 19 million unit cases and the average capacity utilisation of the plant was 107 per cent.

Products

Principal brands sold by the Group in Kyrgyzstan include Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Burn, Fuse Tea, Piko, Schweppes and Bonaqua. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Kyrgyzstan.

Sales and distribution

CCI Kyrgyzstan manages the distribution of its products through a combination of direct sales by the Group's own sellers and delivery by hybrid distributors in Bishkek and through distributors in the rest of the country. Only sales points bigger than 100 square metres with at least two cashiers are directly served by the Group's own sellers. CCI Kyrgyzstan operated through 23 distributors in Kyrgyzstan as at September 2021.

Jordan

The Group acquired a 90 per cent. interest in CCI Jordan in 2005. CCI Jordan has been bottling TCCC products in Jordan since 1997. During the nine months ended 30 September 2021, CCI Jordan sold approximately 16 million unit cases, as compared to 13 million unit cases during the nine months ended 30 September 2020. In 2020, CCI Jordan sold approximately 17 million unit cases, as compared to 15 million unit cases in 2019 and 18 million unit cases in 2018.

Market Overview

The size of the soft drink market in Jordan in terms of consumption is estimated to be approximately 166 million unit cases with an annual per capita consumption of 93 litres (46 litres for sparkling beverages) in 2020. The Group's primary competitor in Jordan is Pepsi Cola International. The Group was the second-largest market participant, and had an average share of 17.1 per cent. of the Jordan sparkling beverage market in 2020, as measured by sales volume, according to the Group's internal estimates based on GlobalData. In Jordan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Jordan operated one bottling plant as at 30 September 2021, which is located in Madaba. In 2020, the annual bottling capacity of the plant was approximately 32 million unit cases and the average capacity utilisation of the plant was 50 per cent.

Products

Principal brands sold by the Group in Jordan include Coca-Cola, Coca-Cola Light, Fanta, Sprite, Sprite Light, Minute Maid, Monster, Cappy and Arwa. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Jordan.

Sales and distribution

CCI Jordan manages the sales and distribution of its products mainly through direct and indirect sales. CCI Jordan operates through 20 distributors in Jordan.

Uzbekistan

On 29 September 2021, CCI acquired a 57 per cent. stake in CCBU from The State Assets Management Agency of the Republic of Uzbekistan. On 27 December 2021, the Group acquired the remaining 43 per cent. stake in the company from The Coca-Cola Company for US$90 million. The Group began selling TCCC trademarked beverages in Uzbekistan in 2021.

Market Overview

The size of the soft drink market in Uzbekistan in terms of consumption is estimated by GlobalData to be approximately 327 million unit cases with an annual per capita consumption of 55 litres (30 litres for sparkling beverages) in 2020. The Group's primary competition in Uzbekistan is Pepsi Cola International. The Group had an average share of 43.2 per cent. of the Uzbekistan sparkling beverage market in 2020, as measured by sales volume according to the Group's internal estimates based on GlobalData.

Facilities

CCI Uzbekistan operated three bottling plant as at 30 September 2021. The plants are located in Urgench, Tashkent and Namangan. In 2020, the annual bottling capacity of the plant was approximately 130 million unit cases.

Products

Principal brands sold by the Group in Uzbekistan are Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Fuse Tea, Bonaqua. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by the Group in Uzbekistan.

Sales and distribution

CCI Uzbekistan manages the sales and distribution of its products mainly through indirect distribution, and manages distribution through 38 distributors as at September 2021.

Tajikistan

The Group began selling TCCC trademarked beverages in Tajikistan in October 2012. During the nine months ended 30 September 2021, the Group sold approximately 7 million unit cases in Tajikistan and approximately 5 million unit cases in 2020.

Market Overview

The size of the soft drink market in Tajikistan in terms of consumption is estimated by CCI to be approximately 35 million unit cases with an annual per capita consumption of 21 litres (11 litres for sparkling beverages) in 2020. The Group's primary competition in Tajikistan is RC Cola and imports. The Group had an average share of 24.9 per cent. of the Tajikistan sparkling beverage market in 2020, as measured by sales volume according to CCI estimates.

Facilities

CCI Tajikistan operates one bottling plant as at 30 September 2021, which is located in Dushanbe. In 2020, the annual bottling capacity of the plant was approximately 14 million unit cases and the average capacity utilisation of the plant was 47 per cent.

Products

Principal brands sold by the Group in Tajikistan are Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Burn, Fuse Tea and Bonaqua. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by the Group in Tajikistan.

Sales and distribution

CCI Tajikistan manages the sales and distribution of its products mainly through indirect distribution, and manages distribution through 15 distributors as at September 2021.

Syria

The Group has a 50.00 per cent. indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis. The Group began selling TCCC trademarked beverages in Syria in 2006. The Group did not sell any soft drinks in Syria during the nine months ended 30 September 2021, and the years ended 31 December 2020, 2019 and 2018. Given current events in Syria, the Group does not presently engage in production and only has one employee.

Intellectual Property

The Group and its subsidiaries and joint ventures are party to certain bottling agreements with TCCC. TCCC or its subsidiaries owns or has rights to the trademarks of all of TCCC's products it has authorised the Group to prepare, package, distribute and sell in its territories. The Company and its subsidiaries and joint ventures are prohibited from producing other products or packages that would imitate, infringe or cause confusion with the products, containers or trademarks of TCCC, or from acquiring or holding an interest in a party that engages in such activities. See "*Risk Factors—Risks Related to the Group's Business—The Group is reliant on TCCC to protect the trademarks of TCCC's products*".

CCI sells Damla and Damla Minera natural source water in Turkey. The Damla and Damla Minera brands were transferred to CCI by TCCC, as Turkish law requires that the person selling bottled water owns the brand. There is a call option in favour of Coca-Cola Meşrubat Paz. Dan. San. ve tic. A.Ş. with respect to Damla and Damla Minera that can be used upon a change in the law that allows TCCC to register these brands in its own name.

Support from CCI

The Company provides certain shared central support services to its subsidiaries and affiliates. These include all applicable headquarter support functions, depending on the needs of the operations. The Company has a strategic purchasing team in Istanbul to aid in sharing procurement across the Group's markets, and works to facilitate "best practice" sharing across its operations. As part of this cross sharing, CCI has established certain programs for employees across the Group's operations to help further develop its in-house talent.

Research and development

Management considers research and development activities an important component of its business, but most research and development activities are conducted by TCCC, and management believes the Group benefits from the transfer of TCCC's information and knowhow in this regard.

Regulatory and Environmental Matters

The Group's business is subject to a comprehensive regulatory framework regarding, among other matters, sanitation, packaging, water, competition and health and safety at work. For further information about the regulatory environment in Turkey, see "*Regulation*". Moreover, the Company operates in a number of emerging markets, and the regulatory framework in these jurisdictions can be subject to frequent amendment, often becoming more stringent.

Employees

The following table sets forth the distribution of the Group's full-time employees by country as at the dates indicated:

	As at 30 September	As at 31 December		
	2021	**2018**	**2019**	**2020**
Country[(1)]				
Turkey-Group office	231	136	195	217
Turkey operations	2,441	2,151	2,175	2,113
Kazakhstan	739	627	641	661
Pakistan	2,425	2,901	2,532	2,423
Iraq[(2)]	946	892	945	900
Azerbaijan	385	307	339	345
Turkmenistan	195	218	201	198
Kyrgyzstan	327	299	316	321
Uzbekistan[(3)]	1,744	N/A	N/A	N/A
Jordan	335	349	309	287
Tajikistan	109	98	110	105
Total	**9,877**	**7,978**	**7,763**	**7,570**

Notes:

(1) Total headcount includes temporary and permanent employees.

(2) Northern Iraq and Southern Iraq headcounts are combined

(3) Uzbekistan operations were acquired in 2021.

During the peak summer season, the Group frequently hires seasonal and temporary workers to assist with the additional capacity demand.

The Group committed to creating a safe and equitable workplace for all and having a positive impact on every individual in its value chain, through the Group's pioneering policies and practices. It is the Group's aim to inspire its employees so that they can realize their professional goals and achieve their full potential. Since December 2018, when the Group published its first Human Rights Policy, it has integrated workplace rights and human rights into all applications across the Group's value chain, corporate values, and sustainability strategy, as a continuation of the Group's existing CCI Workplace Rights Policy. This policy, which represents a fundamental building block of the Group's vision, is transmitted consistently and without interruption along the Group's entire procurement chain. The CCI Human Rights Policy addresses the following topics: community and stakeholder engagement, diversity and inclusion, discrimination, freedom of association and collective bargaining, safe and healthy workplaces, workplace security, prohibition of forced labour and human trafficking, commitment to not employ child labour, fair work hours, wages and benefits, and the right to use land and water. In addition, the Group's reference point during the COVID-19 pandemic has been the CCI Human Rights Policy.

As part of CCI's Human Rights Policy, it respects its employees' right to exercise freedom of association and collective bargaining and commit to constructive dialogue with employees who are members of legally recognised trade unions. As at November 2021, approximately 45 per cent. of the Group's employees in Pakistan and 33 per cent. of its employees in Turkey were members of a trade union.

Collective bargaining agreements at the Pakistan plant will expire in December 2022. The collective bargaining agreement at the Turkey plants expired in December 2021 and are currently being renegotiated.

The Group seeks to build a diverse and inclusive culture that accepts individuals with different abilities, experiences, perspectives and identities as they are, and values diversity, in line with Group's vision of becoming the best fast-moving consumer goods company within the markets in which the Group operates. The Group is focusing on the following three priority areas for diversity, equity and inclusion: gender equality, inter-generational diversity and background and experience. Within the scope of the Group's efforts directed at diversity, equity and inclusion matters, the Group signed the LEAD Network CEO Pledge, promising to increase the ratio of women at the management and senior executive levels by 5 per cent. by 2025, thereby playing a leading role in the fast-moving consumer goods sector. The Group is also focused on strong corporate governance, and has achieved a Saha corporate governance rating at or above 9.45 since 2016.

Insurance

The Group maintains all risk property damage insurance (including coverage for earthquake, fire, floods, strikes, riots, civil commotion and malicious damage), business interruption insurance, business interruption due to machinery breakdown insurance, electronic equipment insurance, cash in safe insurance, cash in transit and fidelity insurance, third party insurance, product liability insurance, directors' and officers' liability insurance and cyber risk insurance for all of its operations. It also maintains employer's liability insurance in Turkey, Azerbaijan, Tajikistan, Kazakhstan, Kyrgyzstan, and Uzbekistan; product recall and trade credit insurance for Turkey; automobile liability insurance for Turkey, Tajikistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Jordan and Pakistan and explosive articles liability insurance for Turkey and Kyrgyzstan. In addition, the Group maintains insurance coverage for terrorism for Turkey. The Group also maintains political violence insurance for all its operations other than Syria (where the Group currently has no assets); transportation insurance for all operations; personal accident insurance for Turkey and environmental insurance for Kazakhstan.

Legal matters

From time to time, in the ordinary course of business, the Group is involved in legal proceedings relating to its activities.

As of 30 September 2021, CCI Pakistan is involved in tax litigations. If determined adversely to the Group, management estimates that the maximum liability could be up to US$37.2 million. Tax authorities in Pakistan are also seeking to recover an additional US$20.5 million from CCI Pakistan, relating to sales and excise tax amounts which the government of Pakistan is seeking to apply retrospectively to the Group's activities during the period from July 2013 to May 2014, when, according to applicable law in Pakistan, a capacity tax was applied instead of sales and excise tax. The Group has disputed this matter on the basis that the decision of the Pakistan Constitutional Court invalidating the capacity tax with effect from May 2014 (and thus reinstating the sales and excise tax) cannot be applied retrospectively.

REGULATION

As with other participants in the soft drinks industry, the Group's business is subject to extensive regulatory requirements, including rules and regulations relating to production, food safety, health and safety at work, environmental matters and competition law.

In certain jurisdictions, such as Turkey (only for cola drinks) and Pakistan (for sparkling beverages), excise and other indirect taxes increase the price of soft drinks charged to customers. See "*Risk Factors—Risks Related to the Group's Business—Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business*". Furthermore, the Group is subject to antitrust and competition laws in various jurisdictions in which it operates and may be subject to regulatory scrutiny in certain of these jurisdictions. See "*Risk Factors—Risks Related to the Group's Business— The Group's operations may be limited by anti-trust regulations*".

The Group is also subject to different environmental legislation and controls in each of the countries in which it operates. Environmental laws in the countries in which it operates relate to a number of matters, including the emission of gas and liquid effluents. The regulatory climate in most countries in which the Group operates is becoming increasingly strict with respect to environmental issues.

Set forth below is a summary of material provisions relating to the Group's operations in Turkey in effect as at the date of this Prospectus.

Environmental regulations

The principal environmental legislation related to operations of facilities are the Environmental Law No. 2872 (the "Environmental Law") published in the Official Gazette No. 18132, dated 11 August 1983, and the Environmental Impact Assessment Regulation (the "EIA Regulation") published in the Official Gazette No. 29186, dated 25 November 2014. Turkey amended its principal environmental legislation in recent years, which prioritised reducing waste generation, eased the licensing procedures by unifying all separate permits into a single document (the "Environmental Permit") and removed several bureaucratic controls. Accordingly, an assessment with regards to the impact of a facility's activities on the environment is made and an Environmental Permit is issued that covers all specific activities of the facility. An Environmental Permit covers emissions, waste water and other discharges, noise control and other aspects of the environmental laws.

Environmental law

The Environmental Law sets out the general framework of environmental protection requirements and the consequences of non-compliance with these requirements. Under the Environmental Law and other environmental regulations, environmental audits may be conducted by the relevant authorities and fines may be imposed for violations. Any activity in breach of the Environmental Law may be subject to suspension.

Pursuant to an amendment published in the Official Gazette No. 30621, dated 10 December 2018, in order to prevent environmental pollution, a deposit return system was set up, under which certain waste, such as empty bottles, can be returned in exchange for cash. On 1 January 2022, the system will become mandatory for certain types of packages, including bottles. With this amendment, manufacturers, importers and marketers of products, as well as wholesale and retail sellers, are subject to the mandatory deposit requirement, and have to fulfil their administrative, financial and technical obligations regarding the establishment, operation and monitoring of the deposit system. This system primarily targets the beverage industry, and therefore, the Company is required comply with the requirements set forth under the relevant legislation.

EIA regulation

The EIA Regulation aims to regulate the application and substance of environmental impact assessments on certain projects.

Entities whose activities fall within the scope of the EIA Regulation are required to obtain the approval of the Ministry of Environment and Urbanisation prior to commencement of operations or any modification or capacity increases to existing operations. Without environmental impact assessment ("EIA") approval or a decision that an EIA is not necessary, entities may have their activities suspended and may be subject to fines amounting to 2 per cent. of the total capital investment for the relevant project. An entity whose investment operations are suspended due to lack of appropriate EIA decision may be required to change the investment site if the relevant EIA decision is not obtained. Facilities which process drinkable water products are also subject to the EIA Regulation and they must obtain an EIA approval or a decision that an EIA is not necessary to carry out their investment/operation within the relevant investment site.

Environmental permit and license regulation

The Environmental Permit and License Regulation published in the Official Gazette No. 29115, dated 10 September 2014, unifies and regulates the separate licenses, permits, approvals and authorisations that are required to be obtained under the Environmental Law, thereby streamlining the process for obtaining environmental licenses and permits. Pursuant to this regulation, all environmental permits that are required for the activities of a specific facility (for example, emission permits, wastewater discharge permits, noise control permits and hazardous waste permits) are granted under one environmental permit or environmental permit and license, and the holders must comply with all the requirements of the relevant environmental regulations governing such permit or license. Both the environmental permit and license are valid for a period of five years. A new permit must be obtained if there is a change in the nature or the location of the activities.

Failure to obtain an applicable permit or to comply with its requirements or with the other requirements set forth under the regulation may result in administrative sanctions under the Environmental Law, subject to the relevant entity being granted a cure period (a maximum of one year) for rectification of its non-compliance. If the non-compliance continues, the entity's permit and/or license will be revoked and the activities of the relevant entity will be partially or wholly, temporarily or permanently, suspended.

The Company is also bound by several separate regulations legislated under the Environmental Law determining emission thresholds and conditions for carrying out certain activities, including wastewater discharge, noise control, waste management, solid waste and waste oil.

Regulation of water pollution

The Regulation on Control of Water Pollution published in the Official Gazette No. 25687, dated 31 December 2004 (the "Regulation on Water Pollution"), regulates the principles and procedures in relation to classification of waters and their consumption. These regulations concern principles on the quality of water, discharge of wastewaters, relevant permits in relation thereto and the establishment of wastewater facilities.

Turkish Food Codex

The Turkish Food Codex Regulation ("Türk Gıda Kodeksi Yönetmeliği") (the "Regulation") published in the Official Gazette No. 31044, dated 19 February 2020, is the main piece of regulation in relation to the adoption of international food standards in the process of integration with EU. The Regulation is drafted as per articles 23 and 27 of the Law No.5996 on Veterinary Services, Phytosanitary, Food and Feed ("Veteriner Hizmetleri, Bitki Sağlığı, Gıda ve Yem Kanunu") (the "Food Law"), published in the Official Gazette No. 27610, dated 13 June 2010. The purpose of the Regulation is to determine the standards of food production and ensure that high quality practices are followed, in order to protect consumer health and ensure fair domestic and international trade. The Regulation also specifies the rules and procedures of appropriate technical and hygienic production, processing, storage, handling, packaging, transporting, marketing, sampling and analysis methods in compliance with the requirements prescribed for the protection of human health and the protection of consumer and manufacturer rights.

Under the umbrella of the Regulation, there are multiple communiqués and regulations which regulate separate sections of the food industry. Among these, several pieces of legislation are relevant to the Company's operations. For instance, Communiqué on Non-Alcoholic Beverages No:2007/26 published in the Official Gazette No. 26553, dated 15 June 2007, governs specific qualities and classifications of non-alcoholic beverages, including juice, cola and other sparkling and still beverages without alcohol. "Regulation on Food Additives" published in the Official Gazette No. 28693, dated 30 June 2013, lists added ingredients, such as sweeteners, acids and antioxidants, and specifies usage standards of these ingredients.

In addition to the above, Communiqué on Energy Drinks numbered 2017/4, published in the Official Gazette No. 30110, dated 30 June 2017 (the "Communiqué on Energy Drinks"), is a regulation which is adopted to outline, in detail, the manufacturing, processing, storing, packaging and marketing of energy drinks. The Communiqué on Energy Drinks defines the products which should be labelled as energy drinks and lists the ingredients of such products. Also, the "Regulation on Flavourings and Ingredients Having the Characteristics of Flavourings", published in the Official Gazette No. 28157, dated 29 December 2011, regulates the usage of flavourings.

Non-compliance with the Regulation may result in administrative sanctions as stipulated in the Food Law.

Product liability

The Turkish Product Safety and Technical Regulations Law (the "Product Safety Law") is published in the Official Gazette No. 31066, dated 12 March 2020, in line with the Council Directive 92/59/EEC on general product safety and is the first piece of legislation regulating product liability. This code is to ensure that the products are safe and comply with relevant technical regulations, and it sets forth manufacturer and importer obligations. With the General Product Safety Regulation, published in the Official Gazette No. 31066, dated 12 March 2020 and which entered into force on the same date as the Product Safety Law, it aims to ensure that consumer-facing products are safe, and that the obligations of manufacturers and distributors are clear.

Non-compliance with this legislation may result in administrative sanctions, as stipulated in the Product Safety Law.

Pursuant to Turkish law, the protection of consumers is a constitutional principle. Furthermore, there is a general consumer protection law in Turkey that has been amended over the years to bring it in line with EU directives.

The Turkish Code of Obligations No. 6098 published in the Official Gazette No. 27836, dated 4 February 2011, regulates the liability of sellers in respect of defective goods. Furthermore, the Consumer Protection Law No. 6502 published in the Official Gazette No. 28835, dated 28 November 2013, governs the liability of manufacturers, producers and suppliers of defective products and services. Producers and manufacturers are obliged to recall batches of defective products. Furthermore, if there is a defect in a product, consumers may bring a strict liability indemnification claim for damages caused by such defective product. The indemnification standard is an absolute liability standard and the manufacturer/producer will be held liable even if it has not acted negligently in the production process.

The "Regulation on Food Hygiene", published in the Official Gazette No. 28145, dated 17 December 2011, sets forth the rules and general principles with respect to hygiene that a manufacturer must comply with. These hygiene regulations must be complied with from the moment of production until product's presentation to the customer.

Another related regulation is the "Regulation on Labelling and Informing Customer", published in the Official Gazette No. 29960, dated 26 January 2017 (the "Labelling Regulation"), which stipulates the general principles on labelling products and mandatory information about food which must be conveyed to the customer.

Health and safety

The Law on Work Health and Safety No. 6331, published in the Official Gazette No. 28339, dated 30 June 2012 (the "Health and Safety Law") introduced stringent health and safety requirements in all workplaces. Accordingly, the Health and Safety Law regulates a number of concepts such as formation and implementation of procedures relating to work health and safety units within workplaces, as well as the provision or procurement of health and safety services and compulsory employment or outsourcing of workplace doctors and occupational safety experts. Additional employer responsibilities include conducting risk assessments, supervising compliance with health and safety measures and implementing emergency plans. If there is a breach of health and safety obligations, employers will be subject to administrative monetary fines.

Additional legislation promulgated in this respect includes the Regulation on Work Health and Safety Councils published in the Official Gazette No. 28532, dated 18 January 2013, which sets forth the functions and authorities of such health and safety councils for workplaces with more than 50 employees, and the Regulation on the Principles and Procedures of Work Health and Safety Education of Employees published in the Official Gazette No. 28648, dated 15 May 2013, which provides details of health and safety procedures and education programmes.

Enterprise registration certificate (Gıda İşletmesi Kayıt Belgesi)

Food enterprises must either be registered with or obtain a permit from the Ministry of Agriculture and Forestry. Pursuant to the Regulation on Procedures for Food Enterprises Registry and Permits, published in the Official Gazette No. 28145, dated 17 December 2011, enterprises that are listed in the Regulation must obtain a permit from the Ministry whereas non-listed enterprises must be registered with the Ministry. Production of water beverages and soft drinks is not listed in the Regulation and the Company is therefore only required to register with the Ministry.

Regulation on control of packaging wastes

The Regulation on Control of Packaging Waste, published in the Official Gazette No. 31523, dated 26 June 2021 (the "Packaging Waste Regulation") regulates the obligations of packaging waste producers and market providers to take responsibility for the environmental impact of packaging materials. In order to protect and use natural resources efficiently, this regulation has the goal of zero packaging waste. It seeks to achieve this goal by concentrating on four areas of waste management: prevention, reuse, recycling, and recovery. According to this regulation, market providers are obliged to either implement deposit management with regard to packaging or execute service agreements with relevant municipalities or authorised institutions in relation to collection, storage, recycle, reuse, transport and disposal of packaging waste.

Regulation on water for human consumption (Su Üretim İzni)

There are several laws and regulations governing natural mineral waters and water intended for human consumption under Turkish law. The principal legislation in relation to water intended for human consumption is the Regulation on Water for Human Consumption published in the Official Gazette No. 25730, dated 17 February 2005 (the "Water Usage Regulation"). Due to Turkey's EU-harmonisation process, this regulation was drafted in line with Council Directives 98/83/EC, 2003/40/ EC and Commission Regulation 115/2010. The

Water Usage Regulation governs the main principles in relation to the manufacture, processing, preservation, packaging, labelling, marketing, audit and standardisation of the quality of water intended for human consumption. Accordingly, a water facility and manufacturing permit for any spring water or drinking water processing facilities must be obtained. While the process of extracting or capturing water from the source, directing the water to a facility through a pipeline, storing it, bottling it and the characteristics of the bottles and caps are regulated by the Water Usage Regulation. Labelling of water is also regulated under the Labelling Regulation.

Law on Groundwater No. 167 published in the Official Gazette No 10688, dated 23 December 1960, is the main legislation governing the principles in relation to ownership and management of groundwater usage. Pursuant to this law, drinkable groundwater above a certain quantity can be leased by the relevant Special Provincial Administration by way of tender procedures.

Regulation on natural mineral waters for human consumption

The Law on Geothermal Resources and Natural Mineral Waters No. 5686, published in the Official Gazette No. 26551, dated 13 June 2007 (the "Natural Mineral Waters Law") regulates the main principles in relation to exploration, production and preservation of natural mineral water resources. Pursuant to this law, in order carry out mineral water production activities, following a preliminary three-year research period and exploration of a natural mineral water resource, an operation permit must be obtained from the relevant Special Provincial Administration, which is valid for 30 years. Operation permit holders are obliged to pay an administrative fee amounting to 1 per cent. of their annual turnovers to the relevant Special Provincial Administration. Failure to fulfil this obligation may cause revocation of the operation permit by the Administration.

The Regulation on Natural Mineral Waters, published in the Official Gazette No. 25657, dated 1 December 2004, sets forth additional requirements for the operation of natural mineral water resources, such as obtaining preliminary approval from the Turkish Public Health Association and obtaining a facility permit and operation permit from the relevant governorship prior to the commencement of a facility's operations.

Excise Taxation

In Turkey, the sale and delivery of soft drinks, water and energy drinks are subject to VAT. Pursuant to Special Consumption Tax Law No. 4760 published in the Official Gazette No. 24783, dated 12 June 2002, carbonated non-alcoholic beverages that include cola as an ingredient are subject to a 35 per cent. special consumption tax (the "SCT'') while most other carbonated non-alcoholic beverages and energy drinks are subject to a 10 per cent SCT. Under such law, water, natural sodas and 100 per cent fruit juices are not subject to SCT. Pursuant to VAT Law No. 3065, water beverages (including mineral water), energy drinks, non-alcoholic beverages that include cola, plain soft drinks (with no flavour) and soft drinks including fruit (*i.e.* orange, lemon) are subject to 8 per cent. VAT. The below table sets forth the currently applicable VAT and SCT rates:

	VAT rate	**SAT rate**
	(%)	
Water	8	N/A
Soft drinks (cola)	8	35
Soft drinks ((energy drinks and other, excluding natural soda either flavoured or unflavoured and 100% fruit juice)	8	10

Turkish competition rules

Turkish competition law is regulated by the Law on the Protection of Competition No. 4054 (the "Turkish Competition Law") and related secondary legislation. Turkish competition rules and regulations are similar to those of the EU. An undertaking having a dominant position within a certain market, such as CCI in the Turkish carbonated soft drinks and sports drinks markets, has to comply with the restrictions imposed by Turkish competition law regulations and is under close scrutiny of the Competition Board due to its dominant position in the relevant product market. All activities leading to abuse of a dominant position, anti-competitive agreements, decisions and concerted practices and completing mergers and acquisitions without obtaining the approval of the Competition Board (when such approval is required) are open to investigation by the Competition Board, either *ex officio* or upon complaint of the third parties, and could lead to monetary fines at rates calculated on the basis of the annual gross turnover that the concerned undertaking generated by the end of the fiscal year preceding the Competition Board decision. The amount of the fine can vary depending on the type and duration of the violation. Moreover, fines may be imposed on employees under certain circumstances. A dominant position is not in itself anti-competitive; however, an undertaking with a dominant position is prohibited from abusing such position to eliminate/restrict competition. Abuse of a dominant position is not specifically defined in the Turkish competition rules and it can include, but not limited to:

- directly or indirectly preventing new entrants into the market or hindering competitor activity in the market;
- directly or indirectly engaging in discriminatory behaviour by applying dissimilar conditions to equivalent transactions with similar trading parties;
- making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which by their nature or according to commercial usage have no connection with the subject of the contract;
- distorting competition in other markets by taking advantage of financial, technological and commercial superiorities in the dominated market; and
- limiting production, markets or technical development in a manner that is to the prejudice of consumers.

Predatory or exploitative pricing can also be an abuse of dominance. In assessing dominance of an undertaking, first the relevant market must be identified and then the market position should be determined. In theory, there is no market share threshold above which an undertaking will be presumed to be dominant. While the Competition Board considers high market share as the most indicative factor of dominance, it also considers other factors, such as the market shares of other players in the market, barriers to entry, portfolio power, financial power and vertical integration. As a general rule, an undertaking with a market share of 40 per cent. or more is a likely candidate for dominance, whereas an undertaking with a market share of less than 25 per cent. would not generally be considered dominant.

Mergers and acquisitions

When a merger or acquisition results in a change of control over all or part of an enterprise or an asset and where turnover thresholds determined by the Competition Board are exceeded, such mergers and acquisitions will be subject to approval by the Competition Board. The Competition Board issued Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board ("Communiqué No. 2010/4"), according to which the procedures and principles concerning the notification of such transactions are determined. Where a merger or acquisition transaction poses a risk of reducing competition in a market by creating or strengthening a dominant position, those transactions may be prohibited, or approved only upon the fulfilment of certain conditions. There are no exact parameters in making such an assessment and it will be based on market conditions at the time of a particular transaction. Fines of 0.1 per cent. of annual gross turnover can be imposed on the parties where a transaction is closed before or without the approval of the Competition Board (when such approval is required).

Anti-competitive agreements and concerted practice between market players

Agreements and concerted practices between undertakings, and decisions and practices of association of undertakings that have the aim or effect, or likely effect, of preventing, restricting or distorting competition, directly or indirectly, in a particular market for goods or services are illegal and prohibited. As a general rule, the Turkish competition rules prohibit all forms of restrictive agreements, including any form of cartel agreement. The rules also prohibit concerted practices by which two or more undertakings come to an (informal) understanding to avoid competing with each other. In addition to cartels, vertical agreements between undertakings at different levels of the production and distribution chain can restrict competition. The restriction of a buyer's ability to determine its sale price, without prejudice to the possibility of the supplier imposing a maximum sale price or recommending a sale price, is one of the most important examples of vertical infringements.

Agreements carrying certain types of restrictions may benefit from the exemption mechanism, provided that they fulfil the positive and negative criteria provided under Article 5 of the Turkish Competition Law. Accordingly, (i) these agreements must ensure new developments or improvements or economic or technical improvement in the production or distribution of goods, and in the provision of services, (ii) the consumer must benefit from these agreements, (iii) these agreements must not eliminate competition in a significant part of the relevant market and (iv) these agreements must not restrict competition more than necessary to achieve the goals. A majority of the agreements which benefit from these exemptions tend to be vertical in nature.

Furthermore, the Competition Board issued the Communique Amending the Block Exemption Communique on Vertical Agreements ("Communiqué No. 2021/4"), which entered into force upon the publication in the Official Gazette dated 5 November 2021 and numbered 31650.

Within the framework of the amendment, the previous 40 per cent. market share threshold for vertical agreements to benefit from the block exemption under the Block Exemption Communique on Vertical Agreements numbered 2002/2 ("Communiqué No. 2002/2") has been reduced to 30 per cent. in accordance with the European Union legislation. The exemption provided under the Communiqué No. 2002/2 will apply unless the market share of a given supplier(s) in the relevant market for the supplied goods and services subject to the vertical agreement exceeds 30 per cent. In terms of the vertical agreements that include an obligation for supply to a single purchaser, the exemption will also apply, unless the purchaser's share in the relevant market for the goods and services subject to the vertical agreement in question exceeds 30 per cent.

Moreover, the additional provisional Article 3 provided under the amendment to Communiqué No. 2021/4 states that; agreements that have benefitted from block exemption under the Communiqué No. 2002/2, but fall outside the scope of Communiqué No. 2021/4, should fully comply with the exemption conditions stipulated under Article 5 of the Turkish Competition Law within six months of the entry into force of Communiqué No. 2021/4. During this period, the prohibition stipulated under Article 4 of the Law No. 4054 will not apply to the aforementioned agreements.

Sanctions

The Competition Board can initiate an investigation for violation of competition rules, including with respect to anti-competitive agreements and concerted practices and abuse of dominant position. Monetary fines, of up to 10 per cent. of an undertaking's turnover, can be imposed for violation of competition rules. In addition, managers and employees of an undertaking or association of undertakings, who have decisive influence on other violations, may be fined up to 5 per cent. of the fine imposed on the respective undertaking or association of undertakings. In order for a merger or an acquisition to become valid, a permission from the Competition Board must be obtained; failure to do so will lead to the invalidity of the transactions and all de facto situations committed contrary to the law must be eliminated. It must be noted that, any agreements, and decisions of associations of undertakings, contrary to Article 4 of the Turkish Competition Law are also invalid. In addition, those who suffer harm as a result of a violation of competition rules may claim up to triple damages.

Protection of Personal Data

As part of its legislative reforms to align with the EU regulations, Turkey has adopted an extensive data protection regime. The Personal Data Protection Law (the "Turkish DPL"), which came into force on 7 April 2016 and is modelled on the European Union Data Protection Directive 95/46/EC, regulates the personal data of real persons and its protection, processing and transfer. The Turkish DPL introduced several obligations for processing and transferring personal data, including fair and lawful processing, adoption of necessary technical and organisational measures in order to ensure data security, obtaining explicit consent where necessary, providing a privacy notice in order to fulfil information obligation (*e.g.* the identity of data controller, the purposes for processing personal data, data subjects' rights etc.) and registration with the Data Controllers' Registry Information System ("VERBIS" as abbreviated in Turkish) kept by the Turkish Data Protection Authority (the "Turkish DPA") for data controllers meeting specific criteria. According to the Turkish DPL, the Turkish DPA is authorised to impose sanctions and precautions, as well as administrative fines which are determined in the Turkish DPL. The Turkish DPA is entitled to carry out the necessary examination on the unlawful data processing activities upon complaint or *ex officio*. If an infringement is detected, the Turkish DPA may request the identified infringements be remedied by the relevant data controller as soon as possible and at latest within 30 days.

Under the Turkish DPL, the main requirement to collect and process (including transfer) personal data is to obtain explicit consent of the person whose personal data and/or sensitive personal data (e.g. personal data relating to race, ethnicity, religion, appearance, union memberships, information related to health, sex life, past criminal convictions and biometric data) will be collected and processed (a "Data Subject"). However, personal data and sensitive personal data can also be collected and processed without the Data Subject's consent in any of the conditions stated in the Turkish DPL (e.g. performance of contract, legitimate interest for personal data, explicitly permitted by law for sensitive personal data, protection of public health for health data etc.).

Personal data can also be transferred to third countries outside Turkey with the explicit consent of the Data Subject. In the absence of such consent, personal data may still be transferred to third countries if the conditions for the processing of personal and sensitive data are met and the laws of the country to which the personal data will be transferred has an adequate level of protection. If there is not an adequate level of protection for personal and sensitive data in the third country, the data exporter in Turkey and the data importer in the relevant country must undertake in writing to provide an adequate level of protection and the Turkish DPA must also approve such transfer. The Turkish DPA will determine the list of countries which have an adequate level of protection and to which personal data may be transferred without the explicit consent of the Data Subject; however, this list has not been published as at the date hereof. Cross-border data transfers between a Turkish company and companies of the same group located outside Turkey may also be realised with the adoption of binding corporate rules approved by the Turkish DPA.

The Turkish DPL also determines the rights of the Data Subject under Article 11, including, but not limited to: (i) the right to request information with regard to the processing of their data, the right to know the third parties within or outside Turkey to whom their data is transferred; (ii) the right to request correction of their data if it is incomplete or inaccurate; (iii) the right to request deletion or destruction of their data in accordance with the Turkish DPL and notification of such actions to third parties, who received their data from the data controller; (iv) the right to object to the consequences that are to their detriment, as a result of the analysis of their data solely by automated means; and (v) the right to claim indemnification if they suffer damages due to illegal processing of their data.

Data controllers meeting certain criteria are required to be registered with VERBIS, on the basis of a data inventory that includes the purposes for processing personal data, data categories, legal basis, data subject groups, recipients of data, the maximum retention period of the data and measures taken regarding the data security. In this respect, data controllers located in Turkey whose annual number of employees is above 50 or with assets of more than TRY 25,000,000 are required to register with VERBIS, which is an online system where data controllers may complete their registration by providing categorical information and details on their data processing activities. The information on the system becomes public once registration is complete. The Turkish DPA provides the exemptions for local data controllers in Turkey but foreign data controllers are expected to register without any exemption. The deadline for registering with VERBIS has been extended until 31 December 2021 for local data controllers in Turkey which are required to do so. The Group registered with VERBIS in July 2019.

Data controllers obliged to register with VERBIS are also required to prepare a personal data deletion and disposal policy pursuant to which they determine certain details and principles with respect to retention and disposal activities, such as maximum retention periods, roles and responsibilities of those involved in the relevant processes, techniques used for retention and disposal along with relevant security measures. Furthermore, data controllers must have a data breach intervention plan in place and must notify the Turkish DPA of any data breach within 72 hours and the affected Data Subjects as soon as practicable.

MANAGEMENT

Board of Directors

The Board of Directors is responsible for the management of the Company's operations. It is vested with the broadest powers to take any actions necessary or useful to fulfil the Company's corporate purpose, with the exception of actions reserved by Turkish law or the Company's articles of association to the General Assembly. The Board of Directors consists of 12 directors according to the Company's articles of association, four of whom are independent and one of whom is appointed by TCCC as vice-chairman. All members of the Board of Directors may be appointed and/or dismissed by the General Assembly, for a period not exceeding three years and until their successors are elected. The Board of Directors may deliberate and act validly if at least seven members of the Board of Directors are present. Decisions of the Board of Directors are taken by the affirmative vote of the majority of the present members of the Board of Directors, with the exception of decisions that require a greater majority under the Company's articles of association or the Turkish Commercial Code, Capital Markets Law and CMB regulations. Each director's term expires at the annual General Assembly in the year indicated below. Directors whose term has expired may be re-elected. Any director may be removed at any time from his or her office by a resolution of the General Assembly if the meeting agenda contains a provision in this respect or, even if not included in the meeting agenda, if the dismissal is based on a justified reason.

The table below sets forth the names, respective ages, positions, year of election and terms of office of the current members of the Board of Directors as at the date of this Prospectus.

Name	Age	Position	Year of appointment	Expiration of term of office
Tuncay Özilhan	74	Chairman	1996	2022
Sedef Salıngan Şahin	47	Vice Chairman	2021	2022
Kamilhan Süleyman Yazıcı	41	Member	2017	2022
Tuğban İzzet Aksoy	49	Member	2021	2022
Kamil Ömer Bozer	63	Member	2018	2022
Agah Uğur	64	Member	2021	2022
Mehmet Hurşit Zorlu	62	Member	2004	2022
Ahmet Boyacıoğlu	75	Member	2006	2022
Ali Galip Yorgancıoğlu	60	Independent Member	2018	2022
Uğur Bayar	57	Independent Member	2018	2022
Tayfun Beyazıt	64	Independent Member	2018	2022
İzzet Karaca	67	Independent Member	2016	2022

The business address of each member of the Board of Directors is Dudullu OSB Mah. Deniz Feneri Sk. No:4, Ümraniye 34776 Istanbul, Turkey.

Biographies of the Board of Directors

A brief description of the qualifications and professional experience of the members of the Board of Directors is presented below.

Tuncay Özilhan. Mr. Tuncay Özilhan studied at Saint-Joseph High School, then graduated from the Faculty of Economics of İstanbul University. He received his MBA degree from Long Island University in the United

States. He started his career in 1977 as General Director of Erciyas Brewery and has held positions, including co-ordinator of the Beer Group and general co-ordinator of Anadolu Group. Mr. Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017. He has been the chairman of Anadolu Group since May 2007. He has also served as chairman of the Anadolu Foundation and various Group companies. Mr. Özilhan served as the chairman of TÜSİAD (the Turkish Industrialist's and Businessmen's Association) from 2001 to 2003 and he is currently chairman of its high advisory council. His other responsibilities include acting as a board member at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of the Anadolu Efes Sports Club. Mr. Özilhan also served as the Chairman of the Turkish – Russian Business Council at Foreign Economic Relations Board (DEİK). Mr. Özilhan holds a Ministerial Medal from the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", which is one of the most important orders awarded by the Japanese government.

Sedef Salingan Sahin. Ms. Sahin received a bachelor's degree in business administration and political science from Bogazici University. Prior to joining Coca-Cola, Ms. Sahin worked for McKinsey & Company as a consultant and for Procter & Gamble as a brand manager. She joined Coca-Cola in 2003 as a strategy and insights manager for Turkey. Ms. Sahin went on to serve in a series of marketing, strategy, and operations roles, which eventually led to her appointment in 2011 as General Manager of Juices for Coca-Cola Turkey. In 2016, she became the company's General Manager for Thailand and Laos. From 2018 to 2020, she served as Vice President of Operations and Strategy for the company's Europe, Middle East and Africa group before moving into her current role as President of the Nutrition, Juice, Dairy and Plant category. In addition to her responsibilities, Ms. Sahin has also served as a board member for Coca-Cola Beverages Africa, Thainamthip and Laos Bottling Companies.

Kamilhan Süleyman Yazıcı. Mr. Yazıcı graduated from the New York Military Academy as lieutenant captain in 1996 and holds a Bachelor of Arts degree from Emory University's Goizueta Business School. In 2005, Mr. Yazıcı earned an MBA degree from the American Institute of Business and Economics and in 2017 completed Harvard Business School's GMP program. Mr. Yazıcı began his career with Anadolu Group in 2000. After eight years with the company, Mr. Yazıcı became Supply Chain Director and Business Development Director of Anadolu Efes's Russian beer operations. In 2011, Mr. Yazıcı was appointed as General Manager of Efes Vitanta in Moldova before becoming the Market Development Director in 2014. Since 2017, Mr. Yazıcı has served as a board member and vice-chairman on Anadolu Group Holding and subsidiary boards. In addition, Mr. Yazici serves as a board member for TAIK (Turkish-American Business Council), TOGG (Turkish National Auto Initiative), HBS Alumnus (Harvard Business School's Alumni Board) and is chairman of KYYDAS (the Kamil Yazici Family Trust).

Tuğban İzzet Aksoy. Mr. Aksoy studied at Austrian High School and graduated from the University of Oglethorpe in the United States with a management and international finance degree. Mr. Aksoy began his professional career in 1996 as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding. In December 1998, he was appointed as a Senior Broker at the Alternatifbank Treasury Department and after five years in this role became Manager of Corporate Financing and Risk Management at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş. In April 2008, Mr. Aksoy became Assistant Co-ordinator at the Business Development Directorate and since 2009 he has worked as the Anadolu Group Energy Sector Co-ordinator. Mr. Aksoy is a member of the energy groups TÜSİAD, TOBB and DEİK, as well as an honorary consul of Georgia.

Kamil Ömer Bozer. Mr. Bozer holds a bachelor's degree in business administration from the Middle East Technical University and received his MBA from Georgia State University. Mr. Bozer began his professional career in Koç Group as an MT and served as Deputy Chief Executive in Maret and General Manager at Düzey Pazarlama, respectively. In 2002, he was appointed as General Manager of Migros. From 2005 to 2006, Mr. Bozer served as President of Food, Retailing and Tourism Group at the Koç Group before becoming

President of the Food and Retailing and Tourism Group. Mr. Bozer currently serves as an independent board member for Tüpraş, Arçelik and Söktaş and a board member for Adel, McDonald's, Kamil Yazıcı Yönetim Danışmanlık and Boyner Group.

Agah Ugur. Mr. Ugur studied Industrial Engineering at the University of Birmingham in the United Kingdom. Before joining the Borusan Group in 1989 as CFO, Mr. Ugur worked for Touche Ross & Co (currently Deloitte), Arthur Andersen and Türkiye Emlak Bankası. In 1995 Mr. Ugur became General Manager of Borusan Holding before serving as the Group CEO from 2001 until his retirement in 2018. Throughout his professional career, Mr. Agah has held more than fifteen board and advisory board positions in various NGO's. Currently he is a board member for Borusan Holding, Dogan Holding, Pegasus Havayolları and Anadolu Efes, as well as an advisory board member for several other Turkish corporations. In addition, Mr. Ugur is a member of the High Advisory Council of TUSIAD, the Board of Trustees of Sabanci University, the Advisory Board of DEIK/Turkish American Business Council, the Advisory Board of Columbia University Istanbul Global Center and a mentor at Endeavour Association, YGA (Young Guru Academy) and Women on Board Association. Mr. Ugur is a partner and chairman in the venture capital firm, Bogazici Ventures, and manages his own portfolio of technology start-ups.

Mehmet Hurşit Zorlu. Mr. Zorlu holds a Bachelor of Science in economics from Istanbul University. Prior to joining Anadolu Group in 1984, Mr. Zorlu worked for Toz Metal and Turkish Airlines. He joined Anadolu Group as a Marketing Specialist at the Efes Beverage Group and has held various positions within the company, including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development and Investor Relations Director. From 2000 to 2008, Mr. Zorlu acted as CFO for Efes Beverage Group and from 2008-2013 as the CFO for the Anadolu Group. After 2013, Mr. Zorlu served as the Deputy CEO of Anadolu Group, until his appointment as the CEO of Anadolu Group in February 2017. Mr. Zorlu currently acts as a board member for various Anadolu Group companies and has been a board member of CCI since 2004. From 2015-2017, Mr. Zorlu served as the chairman of TKYD (Corporate Governance Association of Turkey) and is currently a board member on the Turkish Investor Relations Society (TUYİD) and the Outbound Investments Business Council at Foreign Economic Relations Board (DEİK).

Ahmet Boyacıoğlu. Mr. Boyacıoğlu holds a bachelor's degree in business administration from the Middle East Technical University. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions from 1973 to 2005, including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President, and Strategy and Business Development Director. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February.

Ali Galip Yorgancıoğlu. Mr. Yorgancıoğlu graduated from Galatasaray High School before studying faculty of business administration at Boğaziçi University. Mr. Yorgancıoğlu began his career at Phillip Morris as the Marketing Manager of Marlboro Cigarettes before moving to Diageo, Turkey to act as the South East European Marketing Director. Following his role at Diageo, Mr. Yorgancıoğlu became the Eurasia Marketing Director at Coca-Cola, and then the General Manager of Turkey for Burger King. In April 2004, Mr. Yorgancıoğlu became CEO of Mey İçki and served in this capacity until he retired in 2017.

Uğur Bayar. Mr. Bayar received his Bachelor of Science degree in applied mathematics and statistics from the State University of New York in 1997. Mr. Bayar began his career at Citibank Turkey in 1987, before moving to public service in 1992. Between 1992 and 1997, Mr. Bayar served as Vice President of Public Partnership Administration of the Prime Ministry of Turkey. From 1997 to 2002 he was the President of Privatization Administration of the Prime Ministry of Turkey during which time he served as chairman of the board of Erdemir and Petrol Ofisi and as a board member of Turkish Airlines and Türk Telekom. In 2004, Mr. Bayar joined Credit Suisse as Turkey's Chief Executive Officer and Head of Investment Banking until 2017. In addition to his responsibilities, Mr. Bayar serves as chairman of WWF Turkey (World Wildlife Foundation) and as a board member of Anadolu Holding, Tekfen, Teknoloji Yatırım ve Tic. A.Ş and SAMUMED Biotechnology Company.

Tayfun Bayazıt. Mr. Bayazıt received his bachelor's degree in mechanical engineering from the Southern Illinois University, followed by an MBA from Columbia University. After starting his career at Citibank in 1983, Mr. Bayazıt assumed Executive Vice President and Senior Executive Vice President positions at Yapı Kredi Bank from 1986 until 1995. He was President and CEO at Interbank from 1995 to 1996, and at Banque de Commerce et de Placements from 1996 to 1999. Having served as Vice Chairman at Doğan Holding from 1999 until 2001, Mr. Bayazıt was later appointed as CEO and board member at Dışbank (2001 to 2005), Fortis Bank (2005 to 2007), and Yapı Kredi Bank (2007 to 2009), where he consequently served as chairman from 2009 to 2011. Since 2011, Mr. Bayazit has worked as a consultant.

İzzet Karaca. Mr. Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. He began his professional career at Koç Research and Development Centre as an Industrial Engineer and IT Manager. In 1985 Mr. Karaca moved to Ford Otosan where he worked as a Systems and Organization Director until 1988. Mr. Karaca then held several global positions at Unilever, including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Mr. Karaca retired from his duties in 2013. Between 2011 and 2013, Mr. Karaca served as the chairman of YASED (International Investors Association) and in 2015 published his first book called "The New CEO is... You".

Board committees

The Board of Directors has appointed an audit committee, a corporate governance committee and a committee for early detection of risks from among its members.

Audit Committee

The Audit Committee is composed of two directors, Tayfun Beyazıt and İzzet Karaca, both of whom are independent members of the Board of Directors. Mr. Karaca serves as Chairman of the Audit Committee. Among other matters, the Audit Committee ensures that adequate and suitable internal controls are in place and appropriate to the Company's needs; that (in conjunction with the Early Determination of Risks Committee) significant business and financial risks have been identified and are being monitored and managed.

Corporate Governance Committee

The Corporate Governance Committee is composed of five directors, Kamil Ömer Bozer, Mehmet Hurşit Zorlu, Uğur Bayar, R. Yılmaz Agüden and Çiçek Uşaklıgil Özgüneş. Mr. Bayar serves as Chairman of the Corporate Governance Committee. The remit of the Corporate Governance Committee is to develop and implement continuous improvement processes to facilitate the application of best practices pursuant to the CMB Regulations and Corporate Governance Principles and, more broadly, international standards. The Corporate Governance Committee also currently carries out the functions of the "nominations committee" and "remuneration committee" as defined in the CMB Regulations and Corporate Governance Principles.

Early Determination of Risks Committee

The Early Determination of Risks Committee is composed of three directors, Tuğban İzzet Aksoy, Agah Uğur and Ali Galip Yorgancıoğlu. Mr. Yorgancıoğlu serves as Chairman of the Committee. The remit of the Early Determination of Risks Committee is to detect risks that might endanger the existence and development of the Company and to design studies and measurements to detect such risks, as well as to create strategies for risk management and oversee the application of such strategies.

Biographies of the Key Executives

In the opinion of the Company the following persons are the most important for the management of the Group's operations (the "Key Executives"):

Name	Age	Position
Burak Başarır	52	CEO
Andriy Avramenko	49	Chief Financial Officer
Leyla Deliç	48	Chief Information and Digital Officer
Kerem Kerimoğlu	54	Group Supply Chain Services Director
Ebru Özgen	51	Group Human Resources Director
Rüştü Ertuğrul Onur	56	General Counsel
Servet Yıldırım	57	Group Corporate Affairs Director
Tugay Keskin	52	Chief Operating Officer

The business address of each of the Key Executives is Dudullu OSB Mah. Deniz Feneri Sk. No:4, Ümraniye 34776 Istanbul, Turkey.

Burak Başarır, CEO. Mr. Başarır holds a Bachelor of Arts in business administration and a minor in computer sciences from American River College. He studied management at California State University of Sacramento and received a Bachelor of Science degree in business administration from Middle East Technical University. Mr. Başarır joined the company in 1998 and was named CFO in 2005. As CFO, Mr. Başarır played an integral role during CCI's IPO process and effectively managed the financial integration of Efes Invest with CCI. Between 2010 to 2013, Mr. Başarır led the largest operation of CCI in terms of volume and sales as Region President of Turkey and in 2014 was appointed as CEO. Mr. Başarır has a number of accolades, including being recognised as the "Best CFO in Turkey" by Thomson Reuters Extel in 2009 and awarded the "Best CEO" award in the beverages category by Institutional Investor in 2019 and 2021. Mr. Başarır is also a member of the Turkish Industry, Business Association (TUSIAD) and Turkey-US Business Council (TAIK).

Andriy Avramenko, Chief Financial Officer. Mr. Avramenko was appointed as CFO-elect for Coca-Cola Icecek A.Ş. on 1 January 2019. Mr. Avramenko began his career at Arthur Andersen and joined TCCC as an Internal Auditor in 1999. In 2003, Mr. Avramenko moved to the Mergers and Acquisitions team before becoming the Supply Chain Development Director of the Global Juice business in 2008. In 2011, he was appointed as Vice President of the India and South West Asia business unit. In 2013 Mr. Avramenko transitioned to the General Manager of the Juice Business, Vice President of Strategy and General Manager of the Still Beverages Business. Between March 2015 and May 2018, he served as Group Director responsible for Mergers and Acquisitions for the Eurasia and Africa region. Before joining CCI, Mr. Avramenko served as Group Director of Corporate Development for the Europe, Middle East and Africa Group and was a board member of Coca-Cola Beverages Africa.

Leyla Deliç, Chief Information and Digital Officer. Ms. Deliç holds a Bachelor of Science in electrical engineering and a Master of Science degree in computer engineering from the University of Louisiana at Lafayette, United States. Ms. Deliç joined GE in 1998 in Tradanet jv GE Information Services. She then worked for Tradelink Technologies Inc. and continued her career as Chief Information Officer (CIO) in Aras Holding until she joined GE Healthcare in 2010. At GE Healthcare, Ms. Deliç served as Global CIO and Lean Leader for Eastern and African Growth Markets (EAGM) where she defined and drove digital strategy for Enabling Functions in GE Healthcare. On 2 July 2018, Ms. Deliç was appointed as Coca-Cola Icecek Chief Information and Digital Officer where she is responsible for defining and executing digital strategy to improve current business operations, implement digital products, services and new business models. In addition to her current role, Ms. Deliç is an active board member in YenidenBiz and engages and leads initiatives to support the growth of women.

Kerem Kerimoğlu, Group Supply Chain Director. Mr. Kerimoglu graduated from Middle East Technical University with a major in mechanical engineering. After school, Mr. Kerimoglu worked for Denizli Cam as an R&D engineer before joining CCI. Since joining CCI in 1993, Mr. Kerimoğlu has held various positions, including Maintenance Supervisor, Production Manager and Operation Manager in Ankara Plant, and Operation Manager for the Ankara and Bursa plants. After serving as Turkey's Supply Chain Director from 2006 to 2015, Mr. Kerimoğlu served as CCI's Turkmenistan General Manager until 2017 and CCI's Iraq General Manager until 2019. Since 1 September 2020, Mr. Kerimoğlu has acted as CCI's Supply Chain Development Director.

Ebru Özgen, Group Human Resources Director. Ms. Özgen has a bachelor's degree in business administration from the Middle East Technical University and an MBA in international banking and finance from the University of Birmingham. In 2009, she earned a master's degree on law and economics from Bilkent University. Ms. Özgen is a CIM certified CPA and independent auditor. She began her career in 1992 at Arthur Andersen. Then in 1997, she joined CCI as Budget and Planning Supervisor before transitioning to a Finance Manager in 1998. From 2000 to 2005 Ms. Özgen served as the East Region Finance Manager and in 2010 was appointed as Turkey's Budget Planning and Commercial Finance Manager. In 2013 Ms. Özgen was promoted to Turkey's Finance Director, and CCI Turkey's Leadership Team. In this role, Ms. Özgen co-ordinated finance operations which supported strategic business targets. She was appointed as the Group Human Resources Director for Coca-Cola İçecek A.Ş. on 1 January 2017.

R. Ertuğrul Onur, General Counsel. Mr. Onur graduated from Istanbul University's Law Faculty in 1988. Following the completion of his traineeship in the Konya Bar Association, he worked as a research assistant at Istanbul University's Law Faculty. From 1995 to 2000, Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. At BP, Mr. Onur acted as BP's Turkey Employee Representative, Oil Europe Works Council Member and Oil Europe Works Council Link Committee Member. Mr. Onur then went on to set up the legal department in Pfizer İlaçları where he served as Assistant General Manager and Legal Director. In his capacity as Compliance Liaison Officer, Mr. Onur implemented various compliance programmes for Pfizer in Turkey. In 2007, Mr. Onur began acting as CCI's General Counsel. In addition to this role, Mr. Onur is also head of CCI's Ethics and Compliance Committee where he established CCI's Compliance and Ethics Programme and served as CCI's Ethics and Compliance Officer from 2013 to 2016. Mr. Onur is a member of the Istanbul Bar Association.

Servet Yıldırım, Group Corporate Affairs Director. Mr. Yıldırım has a bachelor's degree in business administration from the Middle East Technical University. He started his career at İşbank and worked in Economic Research and Treasury Departments. In 1989, Mr. Yıldırım joined Reuters News Agency managing the Turkish branch. Next, Mr. Yıldırım moved to CNBC-e where for seven years Mr. Yıldırım acted as the News Director and Editor-in Chief. In 2011, Mr. Yıldırım became the Group President of Economics branch of Doğuş Media Group while he continued to anchor various financial shows on CNBC-e. Mr. Yıldırım has written several columns on finance and the Turkish economy in newspapers like Yeni Binyıl, Sabah, Referans and Radikal. Before joining CCI, Mr. Yıldırım was a columnist at Milliyet and a commentator on NTV Para program. In September 2018, Mr. Yıldırım joined CCI as Group Corporate Affairs Director.

Tugay Keskin, Chief Operating Officer. Mr. Keskin graduated from Ankara University Faculty of Political Science. Mr. Keskin joined CCI in 1993 and served in different sales positions until his appointment as Turkey's Sales Director in 2007. In 2011, Mr. Keskin became Commercial Director for Turkey until 2014 when he transitioned to CCI's Commercial Excellence Director. In 2017, Mr. Keskin served as CCI's Turkey General

Manager before becoming CCI's Turkey and Middle East Region Director in 2019. On 1 April 2020, Mr. Keskin was appointed as CCI Chief Operating Officer.

Interests of Directors and Key Executives

The Özilhan family, together with the Yazıcı family, directly and indirectly hold 43 per cent. of Anadolu Efes' share capital. Anadolu Efes holds 50.3 per cent. of the Company's share capital and Mr. Tuncay Özilhan, the Chairman of the Board, is a member of the Özilhan family. As at 30 September 2021, TCCC holds 20.1 per cent. of the Company's share capital; TRY 51,114,000. Özgörkey Holding holds 1.5 per cent. of the Company. Save as set out above and in "*Risk Factors—Risk Related to the Group's Business—The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes*", there are no actual or potential conflicts of interest between the obligations of the members of the Board of Directors and the Key Executives toward the Company and their respective private interests and duties or obligations to the Company.

OWNERSHIP

Set forth in the table below is the Company's shareholding structure as at the date of this Prospectus:

Holder	Percentage holding
	(%)
Anadolu Efes[1]	40.12
TCCC[2]	20.09
Efes Pazarlama ve Dağıtım Ticaret A.Ş.	10.14
Özgörkey Holding	1.53
Public and miscellaneous	28.12
	100.00

Notes:

(1) Directly and indirectly. See "*Risk Factors—Risk Related to the Group's Business—The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes*".

(2) Through The Coca-Cola Export Corporation ("TCCEC").

Certain Arrangements with TCCC

Certain shareholding arrangements

Shareholding arrangements between the shareholders of the Company are governed by the Company's articles of association and the shareholders agreement executed between Anadolu Efes and TCCEC on 6 June 2013.

The Company has three classes of shares: Anadolu Efes and one of its subsidiaries hold the A Group registered shares ("A Shares"); TCCEC and Cemal Ahmet Bozer hold the B Group registered shares ("B Shares"); and Anadolu Efes and one of its subsidiaries together with the other shareholders also hold C Group bearer shares ("C Shares"). Each share is entitled to one vote at ordinary or extraordinary general meetings of shareholders. The holders of A Shares and the holders of B Shares have special rights and privileges, some of which are described below.

Appointment of the Board of Directors and the managing director. The Board of Directors is composed of 12 members elected by the Company's shareholders at the general meeting. From the candidates nominated by the majority of the holders of A Shares seven members are elected, while from the candidates nominated by the majority of the holders of B Shares one member is elected and four members (the independent members) are elected from amongst the candidates nominated by any shareholder. The Company's daily operations are administered by the managing director, who is appointed out of candidates nominated by those members of the board of directors of the Company who were appointed by the holders of A Shares.

Directors' voting. Except for certain "Major Decisions" that require approval of the directors elected from amongst the candidates nominated by the majority of the holders of B Shares, decisions of the Board of Directors can be taken by the affirmative vote of the majority of the members of the Board of Directors who are present at such meeting (unless a higher number of members must vote as prescribed by the Turkish

Commercial Code and Capital Markets Law). The "Major Decisions" include establishment or dissolution of affiliates of the Company which are deemed as material transaction according to relevant capital markets regulations, capital expenditures above a certain threshold; investment in other entities above a certain threshold; approval of business plans; sale and donation of the immovables of the Company and establishing mortgage over the immovables of the Company above a certain threshold, proposals to amend the Company's articles of association or the issued share capital of the Company; proposals to dissolve or merge the Company, distribute additional dividends exceeding the statutory limitations set forth under the capital markets regulations, proposals to make any transaction or agreement between the Company and shareholders holding at least 5 per cent. shares in the Company or their affiliates and decisions to issue new securities above a certain threshold. The "Major Decisions" that are submitted for voting at the general meeting of shareholders (e.g. such "Major Decisions" include amendment of the issued share capital of the Company and dissolution or merger of the Company) require an affirmative vote of shareholders holding at least 80 per cent. of each of the A Shares and B Shares separately.

Transfer of Shares in the Company. Any amount of A Shares or B Shares in the Company can be transferred by a shareholder to its respective affiliate, but if the transfer is to a third party then a shareholder can transfer its A Shares or B Shares if all A Shares or B Shares, as the case may be, are transferred in their entirety and if the shareholder obtains consent to the transfer from all other holders of the relevant class of shares.

When contemplating a transfer of A Shares to a third party, a shareholder must first offer such shares to the holders of B Shares; and when contemplating a transfer of B Shares to a third party a shareholder must first offer such shares to the holders of A Shares. In each of the said cases the non-selling shareholder has 90 days to accept the offer to purchase the Company's shares from the other shareholder(s). There are no restrictions on the transfer of C Shares.

Holders of B Shares may demand that the holders of A Shares sell their A Shares to the holders of B Shares upon occurrence of certain events, which include an unresolved deadlock by the shareholders over any of the "Major Decisions"; bankruptcy or dissolution of a holder of A Shares; a change of control in a holder of A Shares; termination or non-renewal of any bottler's agreement signed between the Company, TCCC and TCCEC. The holders of A Shares may demand that the holders of B Shares purchase its A Shares in the event that TCCC or TCCEC terminate any bottler's agreement other than as allowed by the bottler's agreement. In either of the said cases, the shares are to be sold at a price to be agreed between the holders of A Shares and the holders of B Shares; and failing an agreement by reference to the stock price of the Company or, if this is not available or the holders of A Shares are of the opinion that the price of shares in the Company over the past three months is materially different from the value of the Company, by referral to an audit firm. In the event that TCCC or TCCEC terminate or fail to renew any bottler's agreement, the holders of B Shares will make a tender offer to purchase C Shares as per the relevant capital markets regulations.

Anadolu Efes

Anadolu Efes is a leading international brewer. It operates breweries, malteries and a hops processing plant across six markets and has sales operations in a further three countries. Anadolu Efes is part of the broader Anadolu group of companies (the "Anadolu Group"), one of Turkey's leading conglomerates. The foundations of the Anadolu Group were laid in the early 1950s by members of the Özilhan and Yazıcı families in Turkey. Anadolu Group operates with the vision of being "The star that links Anatolia to the world and the world to Anatolia" and maintains its activities in 8 sectors (beer, soft drink, retail, agriculture, automotive, stationery, quick service restaurant and energy) and in 19 countries with approximately 80 companies, 86 production facilities, 6 research and development centres and approximately 80,000 employees.

Within the context of its social responsibility, the Anadolu Group is involved in areas such as agriculture, education, health, sports, culture, arts and tourism and also contributes to society through its social organizations; Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

Certain Corporate Governance Provisions for Companies Listed on the Borsa Istanbul

On 3 January 2014, the CMB issued the Communiqué Serial: II-17.1 "Corporate Governance Communiqué", which provides certain mandatory and non-mandatory corporate governance principles, as well as rules regarding related-party transactions and a company's investor relations department. Some provisions of the Corporate Governance Communiqué are applicable to all companies incorporated in Turkey and listed on the Borsa Istanbul, whereas some others are applicable solely to companies whose shares are traded in certain markets of the Borsa Istanbul. As a company whose shares are listed on Borsa Istanbul, the Company is subject to the Capital Markets Law, communiqués issued by the CMB and the rules of the Borsa Istanbul. In particular, the Company is subject to the principles set out in the Corporate Governance Communiqué, which addresses matters regarding the approval of transactions, conflicts of interest and related party transactions.

The Corporate Governance Communiqué contains principles relating to: (i) companies' shareholders; (ii) public disclosure and transparency; and (iii) the board of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. Where the Company does not comply with any of the non-mandatory principles applicable to it under the Corporate Governance Communiqué, it is required to explain any such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of the Company's annual report.

The mandatory principles under the Corporate Governance Communiqué include: (i) the composition of the board of directors; (ii) appointment of independent board members; (iii) board committees; (iv) specific corporate approval requirements for related party transactions, transactions that may result in a conflict of interest and certain other transactions; and (v) information rights in connection with general assembly meetings.

The board of directors of a listed company shall have at least five members and the majority of the board shall consist of non-executive directors. A certain number of these non-executive board members must be independent board members. Independent directors may be appointed for a period up to three years and can be re-elected, provided that they do not serve as a board member for more than six years within the last 10 years.

In addition to the mandatory principles regarding the composition of the board and the independent board members, the Corporate Governance Communiqué introduced specific corporate approval requirements and subject to certain exceptions, valuation requirements for all material related party transactions such as asset and service purchases, lease, liability transfer and asset and service sales. All those types of transactions shall be approved by the majority of the independent board members. If not, then they shall be brought to the general assembly meeting where related parties to those transactions are not allowed to vote. Meeting quorum shall not be sought for these resolutions and the resolution quorum is the simple majority of the attendees who may vote.

Board resolutions regarding granting of any guarantee, pledge, mortgage or surety in favour of third parties in order to carry out ordinary business activities, require the affirmative vote of the majority of independent board members. If the majority of independent board members do not approve such transactions, the reason for dissent must be disclosed to the public.

The general assembly of shareholders is required to be informed of the transactions that may lead to a conflict of interest with the listed company and its controlling shareholders, board members, high level executives and their up to second degree relatives.

The Capital Markets Law authorises the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to monitor compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict with these principles.

Significant transactions

Capital markets legislation foresees further restrictions in corporate governance of publicly held companies. Communiqué Serial: II-23.3 Communiqué on Significant Transactions and the Retirement Rights, published in the Official Gazette dated 27 June 2020 (the "Significant Transactions Communiqué") sets forth that certain significant transactions must be approved by the general assembly. Significant transactions which require the approval of the general assembly are as follows:

- merger, demerger and reorganisation of the company;
- transfer and/or any disposition causing the transfer of, or establishment of rights in rem on all or a significant amount of the company's assets; and/or
- granting of privileges to shares or changing the scope or subject of any existing privileges.

Further, any transaction significantly changing the company's main operations and ordinary course of its business and affecting the investors' decisions may be qualified as a significant transaction by the CMB although such transaction is not explicitly listed under the Significant Transactions Communiqué.

The Significant Transactions Communiqué sets out certain thresholds and other criteria in order to determine whether or not a planned transaction falls into the significant transactions category.

No meeting quorum is needed for general assemblies held for approval of such transactions, unless foreseen otherwise in the articles of association of the company. If at least half of the voting shares are present at the general assembly, majority of the present shares are needed for the transaction to be approved. If not, the decision quorum for approval is two thirds of the present shares. The listed company is under the obligation to offer to buy the shares of the shareholders who have voted against the relevant material transaction in the general assembly.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The US$500,000,000 4.50 per cent. Sustainability-Linked Notes due 2029 (the "Notes", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Coca-Cola İçecek Anonim Şirketi (the "Issuer") are issued subject to and with the benefit of an Agency Agreement dated 20 January 2022 (such agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between the Issuer, Citibank, N.A., London Branch as fiscal agent and principal paying agent, and as transfer agent (in such capacities, the "Fiscal Agent" and, together with any further or other paying agents or transfer agents appointed from time to time in respect of the Notes, the "Paying Agents" and the "Transfer Agents", respectively) and Citibank Europe plc as registrar (the "Registrar" and, together with the Fiscal Agent, the Transfer Agent, and any other Paying Agents or Transfer Agents, the "Agents"). The holders of the Notes (the "Noteholders") are entitled to the benefit of a Deed of Covenant (the "Deed of Covenant") dated 20 January 2022 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement and any certificates and opinions provided for in Condition 7.3 (i) are available for inspection or collection during normal business hours by the Noteholders upon reasonable request at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following its prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

The owners shown in the records of Euroclear Bank SA/NV ("Euroclear"), Clearstream Banking, S.A. ("Clearstream, Luxembourg") and The Depository Trust Company ("DTC") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and Deed of Covenant applicable to them.

1 Form, Denomination and Title

1.1 Form and Denomination

The Notes are issued in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof (referred to as the "principal amount" of a Note). A certificate (each, a "Certificate") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar. The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law of Turkey (Law No. 6362), the Communique No.VII-128.8 on Debt Instruments of the Turkish Capital Markets Board (in Turkish: *Sermaye Piyasası Kurulu*) (the "CMB") and Decree No. 32 regarding the Protection of the Value of Turkish Currency.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Noteholder" and (in relation to a Note) "holder" means the person in whose name a Note is registered in the register of Noteholders.

2 Transfers of Notes and Issue of Certificates

2.1 Transfers

A Note may be transferred, subject to Condition 2.4, by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any Transfer Agents.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "business day" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate (or such longer period as may be required to comply with any fiscal or other regulations), be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but upon payment by the Noteholder of (or the giving of such indemnity as the Issuer, the Registrar or any Transfer Agent may reasonably require in respect of) any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3 Status

The Notes are direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.

4 Covenants

4.1 Negative Pledge

So long as any of the Notes remain outstanding,

the Issuer will not, and the Issuer will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "Security Interest") upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

4.2 Financial statements

So long as any of the Notes remain outstanding, the Issuer shall make available on its website as soon they become available but in any event (i) within six months of the end of each financial year of the Issuer, a copy of the Issuer's audited annual consolidated financial statements for such financial year, together with the report thereon by the Issuer's independent auditors, and (ii) within 90 days of the end of the first six months of each such financial year, a copy of the Issuer's consolidated financial statements for such six-month period, together with the review report thereon by the Issuer's independent auditors, each prepared and presented in accordance with Turkish Accounting Standards consistently applied.

4.3 Interpretation

In these Conditions:

"Turkish Accounting Standards" means the Turkish accounting and financial reporting standards for the preparation and presentation of financial statements by public companies in Turkey pursuant to the "Communique on Financial Reporting in Capital Markets" Serial II, No. 14.1, published in the Official Gazette No. 28676 dated 13 June 2013 (as amended, supplemented or restated from time to time);

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other entity, including, without limitation, any government, state agency or international organisation;

"Relevant Indebtedness" means: (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market; and (ii) any guarantee or indemnity in respect of any such indebtedness; and

"Subsidiary" means, in relation to any Person, any other Person:

(a) that is controlled, directly or indirectly, by the first such Person; or

(b) more than half of the issued equity, or the voting rights in respect of any such equity, of which is or are beneficially owned, directly or indirectly, by the first such Person; or

(c) that is a Subsidiary of another Subsidiary of the first such Person, and for this purposes a Person shall be treated as being controlled by another Person if that other Person is able to direct its affairs and/or to control the appointment or removal of a majority of the members of its board of directors or equivalent governing body.

5 Interest

5.1 Interest Rate and Interest Payment Dates

Save as provided for on the occurrence of a Step Up Event (as defined in Condition 5.4 below), the Notes will bear interest from and including 20 January 2022 (the "Issue Date") at the rate of 4.50 per cent. per annum (the "Rate of Interest"), payable semi-annually in arrear on each of 20 January and 20 July in each year (each an "Interest Payment Date"). The first payment (representing a full six months' interest) shall be made on 20 July 2022.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six month interest period, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

5.4 Step Up upon occurrence of a Step Up Event

If a Step Up Event occurs, the Rate of Interest accruing from and including the Step Up Date shall be increased by the Step Up Margin, such increased interest amount to be payable on the Maturity Date or any earlier date for the redemption or repayment of the Notes, subject as provided in Conditions 7.2 and 12.4, as applicable, in respect of the full 12 month period from (and including) the Step Up Date to (but excluding) the Maturity Date (the "Step Up Payment").

The Issuer will cause: (i) the occurrence of a Step Up Event or (ii) the satisfaction of the Water Use Ratio Condition, as the case may be, to be notified to the Fiscal Agent and, in accordance with Condition 12, the Noteholders as soon as reasonably practicable after such occurrence or satisfaction (as applicable) and no later than the Step Up Event Notification Deadline. Such notice shall be irrevocable and shall, in the case of a notification of the occurrence of a Step Up Event, state that the Step Up Event has occurred, providing details thereof and stating that the Rate of Interest will increase by the Step Up Margin from and including the Step Up Date pursuant to this Condition 5.4.

For the avoidance of doubt, a Step Up Event and an increase in the Rate of Interest as a result of a Step Up Event may occur no more than once and the Rate of Interest will not subsequently decrease.

The Fiscal Agent shall not be obliged to monitor or inquire as to whether a Step Up Event has occurred or have any liability in respect thereof and the Fiscal Agent shall be entitled to rely absolutely on any notice given to it by the Issuer pursuant to this Condition 5.4 without further enquiry or liability.

For the purpose of this Condition 5.4:

"2020 Water Use Ratio Baseline" means 1.69, being the Water Use Ratio for the financial year ended 31 December 2020, and, if applicable, as recalculated in good faith by the Issuer in the event of any changes that would significantly impact the Water Use Ratio or if any adjustments are otherwise deemed necessary by the Issuer (including, without limitation, due to changes in (i) calculation methodologies, (ii) data due to better data availability and (iii) the composition of the Group as a result of any acquisition, merger, spin-off, disposal, sale of assets, organic development or otherwise) and published by the Issuer in the latest Annual Integrated Report published in accordance with Condition 12.3 (*Available Information*);

"Annual Integrated Report" has the meaning give to it in Condition 12.3 (*Available Information*);

"Group" means, at any time, the Issuer and its subsidiaries and joint ventures, excluding any subsidiary or joint venture for which the necessary data is not available at such time for the calculation of the Water Use Ratio as determined in good faith by the Issuer (which includes, at the Issue Date, Coca-Cola Bottlers Uzbekistan Ltd);

"Reference Year" means the year ending on the Water Use Observation Date;

"Relevant Fraction" means (x) the number of days from (and including) the Issue Date to (but excluding) the Make-Whole Redemption Date (as defined in Condition 7.2) or the Redemption Date (as defined in Condition 12.4) (as the case may be) divided by (y) the number of days from (and including) the Issue Date to (but excluding) the Water Use Observation Date;

"Step Up Date" means the Interest Payment Date falling on 20 January 2028;

"A Step Up Event" occurs if the Water Use Ratio Condition is not satisfied, provided that no Step Up Event shall occur if such failure to satisfy the Water Use Ratio Condition is due solely to an amendment to, or change in, any applicable laws and regulations, or policies, rules and guidelines of a competent authority applicable to and/or relating to the Group's business, or a decision of a competent authority which has a direct and/or indirect impact on the Group's ability to satisfy the Water Use Ratio Condition as at the Water Use Observation Date, as notified by the Issuer to the Noteholders pursuant to Condition 12, on or prior to the Water Use Observation Date;

"Step Up Event Notification Deadline" means 30 June 2028;

"Step Up Margin" means 50 basis points per annum;

"Water Use Observation Date" means 31 December 2027;

"Water Use Ratio" means in any given financial year, the total volume of water withdrawn by the Group, expressed in litres per one litre of product produced by the Group, as calculated in good faith by the Issuer and certified by the External Verifier (as defined in Condition 12.3) in accordance with its customary procedures based on (i) water consumption data obtained from internal meters where ground water is utilised and (ii) data on water consumption obtained from supplier meters and reconciled with internal meters (where available) and/or service provider invoices where the water is provided by a service provider, including, but not limited to, municipalities;

"Water Use Ratio Condition" means the condition that:

i. the Reporting Condition (as defined in Condition 12.3) has been satisfied; and

ii. the Water Use Ratio Percentage in respect of the Reference Year, as shown in the Annual Integrated Report, is equal to or greater than the Water Use Ratio Percentage Threshold in respect of the Reference Year.

If the requirements of paragraph(s) (i) and/or (ii) are not met, the Water Use Ratio Condition shall be deemed not to have been satisfied;

"Water Use Ratio Percentage" means, in respect of any financial year, the percentage by which the Water Use Ratio for such financial year is a reduction in comparison to the 2020 Water Use Ratio Baseline, as calculated in good faith by the Issuer, certified by the External Verifier in accordance with its customary procedures and published in accordance with Condition 12.3; and

"Water Use Ratio Percentage Threshold" means (1) if the Notes are redeemed or become due and repayable on or after the Water Use Observation Date and in respect of the Reference Year, 13 per cent. or (2) if the Notes are redeemed prior to the Water Use Observation Date pursuant to Conditions 7.2, 7.3 or 7.4 or become due and repayable prior to the Water Use Observation Date pursuant to Condition 10, such lower percentage as is equal to 13 per cent. multiplied by the Relevant Fraction and, (in either case) if applicable, as recalculated in good faith by the Issuer in the event of any changes that would significantly impact the Water Use Ratio or if any adjustments are otherwise deemed necessary by the Issuer (including, without limitation, due to changes in (i) calculation methodologies, (ii) data due to better data availability and (iii) the composition of the Group as a result of any acquisition, merger, spin-off, disposal, sale of assets, organic development or otherwise) and published by the Issuer in the latest Annual Integrated Report published in accordance with Condition 12.3 (*Available Information*).

6 Payments

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by US dollar cheque drawn on a bank that processes payments in US dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid on such Interest Payment Date to the holder shown on the register of Noteholders at the close of business on the date (the record date) being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Noteholder's registered account means the US dollar account maintained by or on behalf of it with a bank that processes payments in US dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to

Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof ("FATCA"), or any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In these Conditions, "Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London, Istanbul and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority;

(c) there will at all times be a Paying Agent in a jurisdiction within Europe; and

(d) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7 Redemption and Purchase

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 20 January 2029 (the "Maturity Date").

7.2 Optional Redemption

The Issuer may, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 12, the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption and the applicable record date), redeem all (but not some only) of the Notes at any time during the period commencing on (and including) the date falling 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption and including, if the Step Up Event has occurred, the Step Up Payment.

At any time prior to the date falling 90 days prior to the Maturity Date, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 12, the Noteholders (which notices shall be irrevocable and shall specify the Make-Whole Redemption Date and the applicable record date), redeem all (but not some only) of the Notes at the Make-Whole Redemption Price. The Make-Whole Redemption Price shall be notified by the Issuer to the Fiscal Agent and, in accordance with Condition 12, the Noteholders as soon as practicable after its determination and in any event by no later than two Business Days prior to the date fixed for redemption.

For the purpose of this Condition 7.2:

"Make-Whole Redemption Price" means, in respect of each Note, the greater of (a) 100 per cent. of the principal amount of the Notes outstanding and (b) the sum (expressed as a percentage of the principal amount of the Notes outstanding) of the present values of the Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of 12 months of 30 days each) at the US Treasury Rate plus a spread of 35 basis points, together with accrued interest (if any) on the principal amount of the Notes to be redeemed to (but excluding) the date of redemption, all as determined by the Determination Agent.

For the purposes of sub-paragraph (b) above, the scheduled interest payments on a Note from the Step Up Date to the Maturity Date shall be deemed to accrue as follows:

(a) if the Make-Whole Redemption Date falls after the Step Up Event Notification Deadline or any earlier date on which the Reporting Condition is satisfied and the Step Up Event has not occurred under these Conditions, at the Rate of Interest;

(b) if the Make-Whole Redemption Date falls prior to the date on which the Reporting Condition is satisfied, at the Rate of Interest plus the Step Up Margin, provided that the Step Up Margin shall not be added if at the end of the financial year preceding the date on which the redemption notice is delivered, the Water Use Ratio Percentage was equal to or greater than the Water Use Ratio Percentage Threshold. For these purposes, the Issuer may in good faith adjust the Water Use Ratio Percentage to reflect any further improvements in the Water Use Ratio since the end of such last preceding financial year; and

(c) if the Step Up Event has occurred under these Conditions on or prior to the Make-Whole Redemption Date, at the Rate of Interest plus the Step Up Margin;

"US Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (on the basis of a 360-day year consisting of 12 months of 30 days each and computed as of the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date;

"Comparable Treasury Issue" means the United States Treasury security or securities selected by the Determination Agent that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;

"Comparable Treasury Price" means, with respect to any date fixed for redemption, (A) the arithmetic average of the Reference Treasury Dealer Quotations, after excluding the highest and lowest such Reference Treasury Dealer Quotations, (B) if the Determination Agent obtains fewer than four such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations, or (C) if only one such Reference Treasury Dealer Quotation is obtained, the amount of the Reference Treasury Dealer Quotation so obtained;

"Make-Whole Redemption Date" means the date fixed for redemption of the Notes by the Issuer, as specified in the notice given to the Noteholders Agent in accordance with Condition 12;

"Reference Treasury Dealer" means (A) each of the five banks or firms selected by the Determination Agent, which are nationally recognised primary United States government securities dealers, or (B) such other five persons operating in the market for the Comparable Treasury Issue as are selected by the Determination Agent in consultation with the Issuer;

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Determination Agent by each such Reference Treasury Dealer at 5.00 p.m., New York City time on the third Business Day immediately preceding such redemption date;

"Remaining Scheduled Payments" means, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption, provided, however, that if that redemption date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to the redemption date; and

"Determination Agent" means a leading investment bank or financial institution of international standing (i) selected by the Issuer for the purposes of calculating the Make-Whole Redemption Price, and (ii) notified to the Noteholders by the Issuer in accordance with Condition 12.

7.3 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 18 January 2022, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption (the "Tax Redemption Date") and any Step-Up Payment, subject as provided in Condition 12.4. Prior to the publication of any notice of redemption pursuant to this paragraph, for the benefit of the Noteholders, the Issuer shall deliver to the Fiscal

Agent a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment. The Fiscal Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications and/or opinion required by this Condition 7.3(b) are provided, nor shall it be required to review, check or analyse any certifications and/or opinions produced nor shall it be responsible for the contents of any such certifications and/or opinions or incur any liability in the event the content of such certifications and/or opinions is inaccurate or incorrect.

7.4 Redemption at the Option of the Holders Upon a Change of Control

If a Change of Control Put Event occurs, the Issuer will, upon any Noteholder giving to the Issuer through a Paying Agent notice within the Change of Control Put Period (unless prior to the giving of such notice the Issuer has given notice of redemption under Condition 7.2 or 7.3) redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date at 101 per cent. of their principal amount (the Change of Control Redemption Amount) together with interest accrued to (but excluding) the date of redemption and any Step-Up Payment, subject as provided in Condition 12.4.

Within 14 days of the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 12 (a Change of Control Notice) specifying the nature of the relevant Change of Control Put Event, the circumstances giving rise to it and the procedure for Noteholders to exercise their rights to require redemption of any Notes pursuant to this Condition 7.4.

To exercise such right, any holder of the Notes must deliver at the specified office of a Paying Agent on any Business Day falling within the Change of Control Put Period, a duly signed and completed notice of exercise in the form obtainable from any specified office of a Paying Agent (a Change of Control Put Notice) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7.4 accompanied by the Certificate for such Notes or evidence satisfactory to the Agent concerned that the Certificate for such Notes will, following the delivery of the Change of Control Put Notice, be held to its order or under its control. A Change of Control Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Notice and instead to give notice that the Note is immediately due and repayable under Condition 10. If 85 per cent. or more in nominal amount of the Notes outstanding on the Change of Control Redemption Date immediately prior to any redemption of the Notes pursuant to this Condition 7.4 are redeemed on such redemption, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (such notice to be given within 30 days of the Change of Control Redemption Date), redeem all but not some only of the remaining outstanding Notes at the Change of Control Redemption Amount together with interest accrued to (but excluding) the date of redemption and any Step-Up Payment, subject as provided in Condition 12.4.

For the purposes of this Condition 7.4:

"Anadolu Group" means AG Anadolu Grubu Holding A.Ş. together with its Subsidiaries including but not limited to Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

a Change of Control" means the Anadolu Group and TCCC individually or together ceasing to control the Issuer other than as a result of the Anadolu Group or TCCC acquiring sole control of the Issuer. As used in this definition, control means (a) the holding of more than one-half of the issued share capital of the Issuer (excluding (x) any part of such issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital, and (y) any share transfers within the direct or indirect Subsidiaries of the Anadolu Group and TCCC) and/or (b) the ability to direct the affairs of the Issuer and/or (c) the ability to control the appointment or removal of a majority of the members of its board of directors or equivalent governing body, whether, in the case of (b) or (c), through the ownership of voting securities, by contract or otherwise;

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 90 days after the public announcement of such consideration);

a "Change of Control Put Event" will be deemed to occur if a Change of Control occurs and on the Relevant Announcement Date the Notes have:

(a) been assigned at the invitation of the Issuer:

  (i) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to an investment grade rating or re-assign an investment grade rating to the Notes by the end of the Change of Control Period; or

  (ii) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to, or re-assign a credit rating to the Notes of, the category assigned to the Notes on the Relevant Announcement Date or better by the end of the Change of Control Period,

  provided that if on the Relevant Announcement Date the Notes have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (i) only will apply; or

(b) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period;

"Change of Control Put Period" means the period of 30 days following the date on which a Change of Control Notice is given;

"Change of Control Redemption Date" means the fifth Business Day following the expiry of the Change of Control Put Period;

"an investment grade rating shall" mean, in relation to SPGRE, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, a rating of BBB- or above and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

a “Negative Rating Event” shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Notes by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a credit rating that is an investment grade rating by the end of the Change of Control Period;

a “non-investment grade rating” shall mean, in relation to SPGRE, a rating of BB+ or below, in relation to Moody’s, a rating of Ba1 or below, in relation to Fitch, Inc., a rating of BB+ or below and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

“Rating Agency” means S&P Global Ratings Europe Limited (“SPGRE”) or Fitch Ratings Ltd. (“Fitch”) or Moody’s Investors Service Ltd. (“Moody’s”), or any of their respective successors, or any other rating agency of international standing;

“Relevant Announcement Date” means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any);

“Relevant Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs; and

“TCCC” means The Coca-Cola Company, a Delaware corporation, together with its wholly owned Subsidiaries and their respective successors and assigns.

7.5 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Conditions 7.2, 7.3 or 7.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8 Taxation

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes) imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable for the Taxes in respect of the Note by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment in the Republic of Turkey; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

8.2 Interpretation

In these Conditions:

(a) "Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) "Relevant Jurisdiction" means the Republic of Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9 Prescription

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10 Events of Default

10.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to (but excluding) the date of repayment and any Step-Up Payment, subject as provided in Condition 12.4, if any of the following events ("Events of Default") shall have occurred and be continuing:

(a) if default is made in the payment of any principal or interest when due in respect of the Notes or any of them and the default continues for a period of 3 Business Days in the case of principal or 20 Business Days in the case of interest; or

(b) subject to Condition 12.3, if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 90 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any Indebtedness for Borrowed Money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or (as the case may be) within any originally applicable grace period for the payment thereof; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce that security; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate nominal amount of any such Indebtedness for Borrowed Money of the Issuer or such Principal Subsidiary in the case of (i), (ii) and/or (iii) above, and/or amount of Indebtedness for Borrowed Money in relation to which such guarantee and/or indemnity of the Issuer or such Principal Subsidiary has been given in the case of (iv) above, is at least US$50,000,000 (or its equivalent in any other currency or currencies); or

(d) if (i) the Issuer or any of its Principal Subsidiaries sells or otherwise disposes of the whole or substantially the whole of its assets or ceases or threatens to cease to carry on the whole or substantially the whole of its business or (ii) an order is made by any competent court or an effective resolution is passed for the winding-up (*tasfiye*), dissolution (*infisah*) or liquidation (*iradi tasfiye*) of the Issuer or any of its Principal Subsidiaries, save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent (I) in the case of a Principal Subsidiary, by which the assets and undertaking of that Principal Subsidiary are transferred to the Issuer and/or any other Subsidiary(ies) of the Issuer or (II) on terms approved by an Extraordinary Resolution of Noteholders, or (iii) the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or, by a court of competent jurisdiction, insolvent; or

(e) if (i)(A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or (B) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator (*kayyum*), or liquidator (*tasfiye memuru*) or other similar official, or an administrative or other receiver, manager, administrator (*kayyum*), liquidator (*tasfiye memuru*) or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to (in the case of the Issuer) the whole or any part of its undertaking or assets or (in the case of a Principal Subsidiary) the whole or substantially the whole of its undertaking or assets, or (C) an encumbrancer takes possession of (in the case of the Issuer) the whole or any part of its undertaking or assets or (in the case of a Principal Subsidiary) the whole or substantially the whole of its undertaking or assets, or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries, and (ii) in any such case (other than the appointment of an administrator (*kayyum*) or liquidator (*tasfiye memuru*)) unless initiated by the relevant company, any amount (A) in respect of which such proceedings are initiated or (B) of any indebtedness in respect of which such application is made or which is secured by the relevant encumbrance, is at least US$50,000,000 and the relevant proceedings, application, appointment, taking of possession or process is not discharged within 60 days; or

(f) if the Issuer or any of its Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 Interpretation

For the purposes of this Condition 10:

(a) "a Principal Subsidiary" means at any time a Subsidiary of the Issuer:

(i) whose total sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or, as the case may be, consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of a transferee Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate sales equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total sales equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement; and

(b) "Indebtedness for Borrowed Money" means any indebtedness (whether being principal, interest or other amounts) for or in respect of any borrowed money.

10.3 Reports

A certificate of two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Notices

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Certificate, with the Fiscal Agent or, if the Certificates are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

12.3 Available Information

So long as any of the Notes remain outstanding, in respect of each financial year of the Issuer, beginning with the financial year ending 31 December 2022, the Issuer will publish (and thereafter maintain for so long as any of the Notes remain outstanding) on its website: (i) each of the 2020 Water Use Ratio Baseline and the Water Use Ratio and Water Use Ratio Percentage for the relevant financial year, as indicated in the Issuer's annual integrated report and/or other annual reporting (the "Annual Integrated Report"); and (ii) an external sustainable development limited assurance report issued by the External Verifier (the "Assurance Report") in respect of the Water Use Ratio (the publication of the Annual Integrated Report and the Assurance Report in respect of the year ending on the Water Use Observation Date by the Step Up Event Notification Deadline, together the "Reporting Condition"). The Annual Integrated Report and the Assurance Report will be published concurrently with the publication of the independent auditor's reports on the Issuer annual report and may form part of such annual report, and will have the same reference date as the relevant independent auditor's report provided that to the extent the Issuer reasonably determines that additional time is required to complete the Annual Integrated Report and/or the Assurance Report, then the Annual Integrated Report and/or the Assurance Report may be published as soon as reasonably practicable, but, in the case of the year ending on the Water Use Observation Date, by no later than the Step Up Event Notification Deadline.

Any failure by the Issuer to make the information referred to in this Condition 12.3 available in any 12 month period shall not result in the occurrence of an Event of Default under these Conditions and it will give rise to the application of the Step Up Event in accordance with the Water Use Ratio Condition only in the circumstances in which such failure results in the Reporting Condition not being satisfied.

For the purpose of these Conditions:

"External Verifier" means a qualified provider of third-party assurance or attestation services or other independent expert appointed by the Issuer to review the Issuer's statement of Water Use Ratio.

12.4 Step-Up Payment

Whether a Step-Up Payment is payable on any redemption or repayment of the Notes pursuant to Conditions 7.3, 7.4 and 10.1 shall be determined as follows:

(a) if the Tax Redemption Date, Change of Control Redemption Date or date of repayment, as applicable (each a "Redemption Date") falls after the Step Up Event Notification Deadline or any earlier date on which the Reporting Condition is satisfied and the Step Up Event has not occurred under these Conditions, no Step-Up Payment shall be payable;

(b) if the Redemption Date falls prior to the date on which the Reporting Condition is satisfied, the Step-Up Payment shall be payable regardless of whether the Redemption Date is before the Step Up Date unless at the end of the financial year preceding the date on which the redemption notice, Change of Control Notice or notice declaring the Note(s) due and payable, as applicable, is delivered, the Water Use Ratio Percentage was equal to or greater than the Water Use Ratio Percentage Threshold. For these purposes, the Issuer may in good faith adjust the Water Use Ratio Percentage to reflect any further improvements in the Water Use Ratio since the end of such last preceding financial year; and

(c) if the Step Up Event has occurred under these Conditions on or prior to the Redemption Date, the Step-Up Payment shall be payable.

12.5 Determinations

Any determination or calculation that may be made by the Issuer pursuant to these Conditions will be conclusive and binding absent manifest error, may be made in the Issuer's sole discretion and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.

13 Meetings of Noteholders and Modification

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., of the principal amount of the Notes for the time being outstanding.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding (a "Written Resolution") or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent in accordance with the rules and procedures of the relevant clearing system(s)) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

13.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) (except for any matter defined in the Agency Agreement as a Basic Terms Modification) in any other manner which, in the sole opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest thereon and the date from which interest starts to accrue, which may be consolidated and form a single series with the outstanding Notes.

15 Governing Law and Submission to Jurisdiction

15.1 Governing Law

The Agency Agreement, the Deed of Covenant and the Notes, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes, are governed by, and will be construed in accordance with, English law.

15.2 Submission to Jurisdiction

(a) Subject to Condition 15.2(c) below, the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) is to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a "Dispute") and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London).

(b) For the purposes of this Condition 15.2, the Issuer waives any objection to the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

15.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in the Republic of Turkey in connection with the Notes (or any non-contractual obligations arising out of or in connection with the Notes), in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (Law No. 6100), any judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer, pursuant to the provisions of the first sentence of Article 193 of the Civil Procedure Code of Turkey (Law No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Turkey (Law No. 5718).

15.4 Appointment of Process Agent

The Issuer irrevocably and unconditionally appoints Law Debenture Corporate Services Limited at its registered office at Eighth Floor, 100 Bishopsgate, London EC2N 4AG as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose and deliver to the Fiscal Agent a copy of the new agent's acceptance of that appointment within 30 days of the previous agent having ceased to be such agent for service of process.

15.5 Other Documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales in London) and appointed an agent in England for service of process, in terms substantially similar to those set out above.

16 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions of the Notes have the same meanings in paragraphs in this "The Global Certificates" section.

Accountholders

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the "Relevant Nominee") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made to the order of the Relevant Nominee as the holder shown on the register of Noteholders at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date (which date shall be the record date for the purposes of any payment on the Notes for so long as the Notes are represented by the Global Certificates) and upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

Notices

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12 except that, so long as the Notes are admitted to trading on, and listed on the official list of Euronext Dublin, notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to such clearing system.

Whilst any of the Notes held by a Noteholder are represented by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

Change of Control Put Exercise Notice

For so long as any Note is represented by a Global Certificate, to exercise the right to require redemption of a Note under Condition 7.4 the Noteholder must, within the notice period set out in Condition 7.4, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable (which may include notice being given on such Noteholder's instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or DTC, as applicable, from time to time.

Any notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable, by a Noteholder under Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw such notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, Luxembourg or DTC, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Certificate or, in the case of DTC only, DTC ceases to be a clearing agency registered under the Exchange Act, and in each case, a successor clearing system is not appointed by the Issuer within 90 days of receiving such notice from Euroclear, Clearstream, Luxembourg or DTC or becoming aware that DTC is no longer so registered. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions of the Notes, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "Exchanged Global Certificate") becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global

Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under *"Book-Entry Clearance Systems"*.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of each of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Joint Bookrunners takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of the Clearing Systems or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in participants' accounts. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Unrestricted Global Certificate registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes held through DTC will be represented by the Restricted Global Certificate registered in the name of Cede & Co., as nominee for DTC, and held by a custodian for DTC. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear, Clearstream, Luxembourg and DTC to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or, if individual Certificates are issued in the limited circumstances described under *"The Global Certificates—Registration of Title"*, holders of Notes represented by those individual Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Issuer for holders of book-entry interests in the Notes holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Clearing and Settlement Procedures

Initial settlement

Upon their original issue, the Notes will be in global form represented by Global Certificates. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Issue Date against payment (value the Issue Date). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the Issue Date.

Secondary market trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

General

None of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent, the Agents or any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

This is a general summary of certain material US federal and Turkish tax considerations in connection with an investment in the Notes. This summary does not address all aspects of US federal and Turkish tax law and does not discuss any tax law considerations of any jurisdiction other than the United States and Turkey. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Prospectus, there can be no assurance that those laws or the interpretation of those laws will not change, possibly with retroactive effect. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein), as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction. References to "*resident*" herein refer to tax residents of Turkey and references to "*non-resident*" herein refer to persons who are not tax residents of Turkey.

Certain US Federal Income Tax Considerations

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Notes by a US Holder (as defined below). This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are US Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws (such as estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad, US holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement or investors whose functional currency is not the US dollar).

As used herein, the term "US Holder" means a beneficial owner of Notes that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. No rulings have been requested from the US Internal Revenue Service (the "IRS") and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Note, including any amounts withheld and the payment of any Additional Amounts in respect of such withholding taxes, will be taxable to a US Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for US federal income tax purposes.

A US Holder, generally, will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for foreign taxes withheld from payments on the Notes. Interest generally will constitute foreign source "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of any withholding taxes. It is expected, and this discussion assumes, that the Notes will not be considered as issued with original issue discount ("OID") for US federal income tax purposes.

Sale, Retirement or Other Taxable Disposition of the Notes

A US Holder, generally, will recognise gain or loss on the sale, retirement or other taxable disposition of a Note equal to the difference between the amount realised on the sale, retirement, or other taxable disposition and the US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note generally will be its US dollar cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognised by a US Holder on the sale, retirement or other taxable disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the US Holder for more than one year. Gain or loss realised by a US Holder on the sale, retirement or other taxable disposition of a Note generally will be US source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale, retirement or other taxable disposition of Notes.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of sale, retirement or other taxable disposition of, Notes by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Turkey in the Notes. References to "resident" in this section refer to tax residents of Turkey and references to "non-resident" in this section refer to persons who are not tax residents in Turkey.

The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Turkey. Each investor should consult its own tax advisors concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (i) arising under the laws of any taxing jurisdiction other than Turkey; or (ii) applicable to a resident of Turkey or a permanent establishment in Turkey that is constituted either by the existence of a fixed place of business or appointment of a permanent representative.

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable for the Turkish taxes on its trading income made through a permanent establishment or on income sourced in Turkey otherwise.

An individual is a resident of Turkey if such individual has established domicile in Turkey or stays in Turkey more than six months in a calendar year. On the other hand, foreign individuals who stay in Turkey for six months or more for a specific job or business or particular purposes that are specified in the Income Tax Law (Law No: 193) might not be treated as a resident of Turkey depending on the characteristics of their stay. A resident individual is liable for Turkish taxes on his or her worldwide income, whereas a non-resident individual is only liable for Turkish taxes on income sourced in Turkey.

Income from capital investment is sourced in Turkey when the principal is invested in Turkey. Capital gain derived from trading income is considered sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term "accounted for" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey or apportioned from the profits of the payer or the person on whose behalf the payment is made in Turkey.

Any withholding tax levied on income derived by a non-resident is the final tax for such non-resident and no further declaration is required. Any other income of a non-resident sourced in Turkey that has not been subject to withholding tax will be subject to taxation through declaration where treaty relief and exemptions are reserved.

Interest paid on debt instruments (such as the Notes) issued abroad by a resident corporation is subject to withholding tax as regulated through the Tax Decrees. The withholding tax rates are set according to the original maturity of notes issued abroad by resident corporations as follows:

- 7 per cent. withholding tax for debt instruments with an original maturity of less than one year;
- 3 per cent. withholding tax for debt instruments with an original maturity of at least one year and less than three years; and
- 0 per cent. withholding tax for debt instruments with an original maturity of three years or more.

Such withholding tax is the final tax for a non-resident person and no further declaration is required.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Turkey with respect to the Notes may be subject to declaration. However, pursuant to Provisional Article 67 (which is effective until 31 December 2025) of the Turkish Income Tax Law, as amended by laws numbered 6111, 6555 and 7256, special or separate tax returns will not be submitted for capital gains from the notes of a resident corporation issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on non-residents in respect of capital gains from such Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Reduced withholding tax rates

Under current laws and regulations in Turkey, interest payments on notes issued abroad by a resident corporation will be subject to a withholding tax at a rate between 7 per cent. and 0 per cent. (inclusive) in Turkey, as detailed above.

If a double taxation treaty is in effect between Turkey and the jurisdiction in which the holder of the notes is an income tax resident (in some cases, for example, pursuant to the treaties with the United Kingdom and the United States, the term "beneficial owner" is used), that provides for the application of a lower withholding tax rate than the local rate to be applied by the issuer corporation, then the lower rate may be applicable. For the application of withholding at a reduced rate that benefits from the provisions of a double tax treaty concluded between Turkey and the relevant jurisdiction of which the investor is a resident, an original copy of the certificate of residence signed by the competent authority referred to in Article 3 of the treaty, if any, is required, together with a certified apostilled copy translated by a notary or the Turkish embassy in the relevant country, to verify that the investor is subject to taxation over its worldwide gains in the relevant jurisdiction on the basis of resident taxpayer status, as a resident of the relevant jurisdiction to the related tax office directly or through the banks and intermediary institutions prior to the application of withholding. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, refunding of the excess tax shall be granted pursuant to the provisions of the relevant double taxation treaty and the Turkish tax legislation.

PLAN OF DISTRIBUTION

The Company intends to offer the Notes through the Joint Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated 18 January 2022 among the Joint Bookrunners and the Company (the "Subscription Agreement"), each of the Joint Bookrunners has severally agreed to purchase, and the Company has agreed to sell to each of the Joint Bookrunners, the principal amount of the Notes set forth opposite each Joint Bookrunner's name below.

Joint Bookrunners	Principal amount of Notes (US$)
HSBC Bank plc	125,000,000
J.P. Morgan Securities plc	125,000,000
Merrill Lynch International	125,000,000
MUFG Securities EMEA plc	125,000,000
TOTAL	**500,000,000**

The Subscription Agreement provides that the obligations of the Joint Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint Bookrunners is subject to receipt and acceptance and subject to the Joint Bookrunners' right to reject any order in whole or in part.

The Company has been informed that the Joint Bookrunners propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-US persons outside the United States in reliance upon Regulation S. See "*Transfer Restrictions*". The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Joint Bookrunners or their affiliates that are registered broker-dealers under the Exchange Act, or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*".

Accordingly, until 40 days after the closing date of this Offering (the "Distribution Compliance Period"), an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Notes will constitute a new class of securities of the Company with no established trading market. The Company cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering. The Joint Bookrunners have advised the Company that they currently intend to make a market in the Notes. However, they are not obliged to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Applications have been made to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Regulated Market; *however*, no assurance can be given that such applications will be accepted.

Accordingly, the Company cannot provide any assurances to investors as to the liquidity of or the trading market for the Notes.

In connection with the Offering, one or more Joint Bookrunner(s) may purchase and sell Notes (or beneficial interests therein) in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Joint Bookrunners in this Offering, which creates a short position for the Joint Bookrunners. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Bookrunners may conduct these transactions in the over-the-counter market or otherwise. If the Joint Bookrunners commence any of these transactions, they may discontinue them at any time.

The Company expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date specified on the cover page of this Prospectus, which will be the fifth Business Day following the date of pricing of the Notes (this settlement cycle being referred to as “T+5”). Under Rule 15c6-l under the Exchange Act, trades in the secondary market generally are required to settle in two New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes on the date of this Prospectus or the next succeeding New York business days until two days prior to the closing date of this Offering will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes on the date of this Prospectus or the next New York business days should consult their own adviser.

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners or their respective affiliates may have performed investment banking and advisory services for the Company and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Bookrunners or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Company and its affiliates in the ordinary course of their business. Certain of the Joint Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to the Company and/or other members of the Group and/or otherwise participate in transactions with the Group.

HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International and MUFG Securities EMEA plc are acting as the joint dealer managers in respect of the Tender Offer.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company or its affiliates. In addition, certain of the Joint Bookrunners and/or their respective affiliates hedge their credit exposure to the Company pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Company has agreed to indemnify each Joint Bookrunner against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint Bookrunners may be required to make because of those liabilities.

On 12 January 2022, the Company entered into a framework agreement (the "Framework Agreement") with a multilateral development bank (the "Development Bank") pursuant to which the Development Bank may acquire Notes in the offering of the Notes in an amount that may be material. Subject to the Development Bank subscribing for Notes and the offering of the Notes completing, the Company has undertaken to comply with certain environmental and social compliance and corporate governance policies and requirements of the Development Bank.

SELLING RESTRICTIONS

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Notes have not been and will not be registered under the Securities Act or the laws of any state securities commission, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*". Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Bookrunner represents that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-US persons in reliance on Regulation S. The Subscription Agreement provides that Joint Bookrunners may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Turkey

THE OFFERING OF THE NOTES HAS BEEN AUTHORISED BY THE CMB ONLY FOR THE PURPOSE OF THE SALE OF THE NOTES OUTSIDE OF TURKEY IN ACCORDANCE WITH ARTICLE 15(B) OF DECREE 32, ARTICLE 11 OF THE CAPITAL MARKETS LAW AND THE COMMUNIQUÉ. THE NOTES (OR BENEFICIAL INTERESTS THEREIN) MUST BE OFFERED OR SOLD OUTSIDE OF TURKEY AND THE CMB HAS AUTHORISED THE OFFERING OF THE NOTES; PROVIDED THAT, FOLLOWING THE PRIMARY SALE OF THE NOTES, NO TRANSACTION THAT MAY BE DEEMED AS A SALE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) IN TURKEY BY WAY OF PRIVATE PLACEMENT OR PUBLIC OFFERING MAY BE ENGAGED IN. PURSUANT TO ARTICLE 15(D)(II) OF DECREE 32, THERE IS NO RESTRICTION ON THE PURCHASE OR SALE OF THE NOTES (OR BENEFICIAL INTERESTS THEREIN) BY RESIDENTS OF TURKEY; PROVIDED THAT THEY PURCHASE OR SELL SUCH NOTES (OR BENEFICIAL INTERESTS THEREIN) IN THE FINANCIAL MARKETS OUTSIDE OF TURKEY AND SUCH SALE AND PURCHASE IS MADE THROUGH BANKS AND/OR LICENSED BROKERAGE INSTITUTIONS AUTHORISED BY THE BRSA AND/OR PURSUANT TO CMB

REGULATIONS AND THE PURCHASE PRICE IS TRANSFERRED THROUGH SUCH LICENSES BANKS. AS SUCH, TURKISH RESIDENTS SHOULD USE BANKS OR LICENSED BROKERAGE INSTITUTIONS WHEN PURCHASING ANY NOTES (OR BENEFICIAL INTERESTS THEREIN) AND TRANSFER THE PURCHASE PRICE THROUGH SUCH LICENSED BANKS. THE ISSUER HAS OBTAINED THE CMB APPROVAL LETTER DATED 31 DECEMBER 2021 AND NUMBERED E-29833736-105.02.02.02-15218 TOGETHER WITH THE CMB APPROVED ISSUANCE CERTIFICATE (*ONAYLANMIŞ IHRAÇ BELGESI*) AND THE WRITTEN APPROVAL OF THE CMB RELATING TO THE ISSUE OF THE NOTES (WHICH MAY BE IN THE FORM OF A TRANCHE ISSUANCE CERTIFICATE (*TERTIP IHRAÇ BELGESI*)) WILL BE OBTAINED FROM THE CMB ON OR BEFORE THE SALE AND ISSUANCE OF THE NOTES.

THE JOINT BOOKRUNNERS HAVE AGREED THAT NEITHER THEY, NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES, HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITHIN TURKEY IN CONNECTION WITH THE NOTES. THE JOINT BOOKRUNNERS HAVE FURTHER AGREED THAT NEITHER THEY NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES (I) HAVE ENGAGED OR WILL ENGAGE IN ANY FORM OF GENERAL SOLICITATION OR GENERAL ADVERTISING IN CONNECTION WITH ANY OFFER AND SALE OF THE NOTES IN TURKEY, OR (II) WILL MAKE ANY DISCLOSURE IN TURKEY IN RELATION TO THE ISSUER, THE NOTES OR THIS PROSPECTUS WITHOUT THE PRIOR CONSENT OF THE ISSUER, SAVE AS MAY BE REQUIRED BY APPLICABLE LAW, COURT ORDER OR REGULATION.

European Economic Area

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the EEA. For the purposes of this provision:

(i) the expression "*retail investor*" means a person who is one (or both) of the following (a) a retail client as defined in point (11) of Article 4(1) of MiFID II or (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;

(ii) the expression an "*offer*" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

(i) the expression "*retail investor*" means a person who is one (or both) of the following (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; and

(ii) the expression an "*offer*" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Joint Bookrunner has represented and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the *FSMA*) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017(the "Prospectus Regulation") and any application provision of Legislative Decree No. 58 of 24 February 198, as amended (the "Financial Services Act") and Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or other any other Italian authority.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any persons in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months of that corporation or that trust having acquired the Notes pursuant to an offer under Section 275 of the SFA except:

(I) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(II) where no consideration is or will be given for the transfer;

(III) where the transfer is by operation of law;

(IV) pursuant to Section 276(7) of the SFA; or

(V) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Hong Kong

Each Joint Bookrunner has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, investors in the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. References to Notes in this section should, as appropriate, be deemed to refer to the Notes themselves and/or beneficial interests therein.

According to Article 15d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents of Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad on an unsolicited (reverse inquiry) basis through licensed banks and/or licensed brokerage institutions authorised by the BRSA and/or pursuant to the CMB regulations, and to transfer their purchasing proceeds abroad only through such licensed banks.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Rule 144A Notes

Each purchaser of the Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a QIB within the meaning of Rule 144A, (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that such Notes, unless otherwise agreed between the Company in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (a) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (b) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO

REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

(4) The Company, the Transfer Agent, the Registrar, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(5) It understands that the Notes offered in reliance on Rule 144A will be represented by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the Distribution Compliance Period, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a US person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Company or a person acting on behalf of such an affiliate.

(2) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) The Company, the Transfer Agent, the Registrar, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(4) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate. Prior to the expiration of the Distribution Compliance Period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Company named herein reside inside Turkey and all or a significant portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce foreign judgments in Turkey, investors should initiate enforcement lawsuits before the competent Turkish courts. In accordance with Articles 50 to 59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments (*de jure reciprocity*);

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts (*de facto reciprocity*); or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and either the United States or the United Kingdom providing for reciprocal enforcement of judgments. As to *de facto* reciprocity between New York and Turkey the Company is aware of a court precedent in which the Supreme Court of the State of New York upheld the existence of reciprocity with Turkey and permitted enforcement of a Turkish court judgment. In 2005, the Supreme Court of the State of New York decided that a judgment of the First Commercial Court of Turkey may be enforced in the State of New York with respect to the enforcement of court judgments. Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom; *however*, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by the Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based upon the United States federal or any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

(a) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed and the defendant appeals before a Turkish court against the request for enforcement on either of these grounds;

(b) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey;

(c) the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey;

(d) the judgment is not of a civil nature;

(e) the judgment is clearly against public policy rules of Turkey;

(f) the court rendering the judgment did not have jurisdiction to render such judgment;

(g) the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered; or

(h) the judgment was rendered by a foreign court that has deemed itself competent even though it has no actual relationship with the parties or the subject matter at hand and the defendant appeals before the Turkish court against the request for enforcement on this ground.

Furthermore, to be enforceable under the laws of Turkey, the choice of laws of a foreign jurisdiction or submission to the jurisdiction of the courts of such a foreign jurisdiction should indicate the competent courts with sufficient precision. Therefore, lack of precision while determining the competent court of a foreign jurisdiction may render the choice of foreign court unenforceable.

As a result, it may not be possible to:

(i) effect service of process outside Turkey upon any of the directors and officers named in this Prospectus; or

(ii) enforce, in Turkey, judgments obtained in courts of jurisdictions other than Turkey against the Company or any of the directors and officers named in this Prospectus in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

Furthermore, as a matter of Turkish law, the choice of jurisdiction requires explicit agreement of the parties as to the exclusive jurisdiction of a particular court, defined with sufficient precision. Non-exclusive jurisdiction clauses or general references to courts of a country may not be honoured by Turkish courts. Therefore, any Turkish court may claim jurisdiction if a lawsuit is filed in Turkey by the parties in relation to a document regarding matters arising thereunder and may refrain from honouring relevant jurisdiction clauses in the event it is considered that such explicit agreement is lacking as to the jurisdiction of a particular court(s)

In any suit or action against the Company in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*), provided however, that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Turkey by Law No. 1574), save for legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Turkey which is duly ratified and contains, *inter alia*, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

In connection with the issuance of the Notes, service of process may be made upon the Company at Law Debenture Corporate Services Limited, Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom with respect to any proceedings in England.

LEGAL MATTERS

Certain matters as to United States federal law will be passed upon for the Company by Linklaters LLP and as to matters of Turkish law by Paksoy Ortak Avukat Bürosu (who will also pass upon matters of Turkish tax law). Certain matters as to English and United States federal law will be passed upon for the Joint Bookrunners by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Joint Bookrunners by Gedik Eraksoy Avukatlık Ortaklığı (who will also pass upon matters of Turkish tax law).

OTHER GENERAL INFORMATION

Authorisation

The issuance and sale of the Notes by the Company and the execution and delivery by the Company of the transaction documents have been authorised pursuant to the authority of the officers of the Company under a resolution of its Board of Directors dated 7 December 2021.

Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market, *however*, no assurance can be given that such application will be accepted. The Regulated Market is a regulated market for the purposes of MiFID II. It is expected that admission of the Notes to the Official List and to trading on the Regulated Market will be granted on or about the Issue Date, subject only to the issue of the Notes.

The estimated total expenses related to the admission of the Notes to trading on the Regulated Market are €4,790.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Company in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

Clearing Systems

The Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN XS2434515313 and Common Code 243451531). Application has been made for acceptance of the Restricted Global Certificate into DTC's book-entry settlement system (ISIN US1912ERAA89, CUSIP 1912ER AA8). The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Clearstream Banking S.A.A., 42 Avenue JF Kennedy, L 1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States of America.

No Significant or Material Adverse Change

There has been no significant change in the financial performance or financial position of the Group since 30 September 2021 and there has been no material adverse change in the prospects of the Company since 31 December 2020.

Litigation

Save as disclosed in "*The Group and its Business—Legal Matters*", neither the Company nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Company or the Group.

Interests of Natural and Legal Persons Involved in the Issue

So far as the Company is aware, no person involved in the offer of the Notes has an interest material to the offer.

Accounts and Auditors

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("Deloitte Turkey"), a member of Deloitte Touche Tohmatsu Limited ("Deloitte''), independent auditors, audited the 2020 Audited Consolidated Financial

Statements and the 2019 Audited Consolidated Financial Statements as stated in their reports thereon included herein, without qualification, in accordance with the Standards on Auditing as issued by the CMB and the Auditing Standards, which are part of Turkish Accounting Standards ("TAS") as issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA").

Deloitte Turkey reviewed the Q3 2021 Reviewed Interim Financial Statements in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the POA.

Deloitte Turkey, independent certified public accountants in Turkey, are authorised by the CMB and POA to conduct independent audits of companies in Turkey.

Certain Information about the Company

Coca-Cola İçecek Anonim Şirketi is a holding and operating company that was incorporated in Istanbul, Turkey on 30 May 1990, under registration number 265859. The Company operates under the Turkish Commercial Code. The Company's principal office is at Dudullu OSB Mah. Deniz Feneri Sk. No.4 34776, Ümraniye, İstanbul, Turkey, and its telephone number is +90 216 528 40 00.

Documents

The Company produces audited consolidated annual and unaudited condensed consolidated quarterly and semi-annual interim financial statements. Copies (with English translations where the documents at issue are not in English) of the Company's audited financial statements as at and for the years ended 31 December 2020 and 2019 and the unaudited condensed consolidated interim financial statements as of and for the nine months ended 30 September 2021 and copies of the latest audited annual consolidated financial statements and unaudited quarterly consolidated financial statements to be made available by the Company pursuant to Condition 4.2 may be obtained and are or will be available on the Company's Website (as defined below).

For so long as the Notes are outstanding, copies of this Prospectus, the constitutional documents of the Company and (after the Issue Date) the Deed of Covenant and the Agency Agreement (with certified English translations where the documents at issue are not in English) will be available for inspection or collection during normal business hours by a Noteholder upon reasonable request in physical form at Dudullu OSB Mah. Deniz Feneri Sk. No.4 34776, Ümraniye, İstanbul, Turkey and at the specified office of the Fiscal Agent in London or may be provided by email to a Noteholder following their prior written request to any Paying Agent or the Company and provision of holding and identity (in a form satisfactory to the relevant Paying Agent or the Company, as the case may be).

In addition, copies of these documents will also be available in electronic format on the Company's website (https://www.cci.com.tr/en/investor-relations/debt-investor).

Company's Website

The website of the Company is https://www.cci.com.tr/en (the "**Company's Website**"). The information on the Company's Website does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

Documents Incorporated by Reference

No document or content of any website are incorporated by reference in this Prospectus.

General

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Legal Entity Identifier code of the Company is 789000WT80VVLUWJDK41.

INDEX OF TERMS

As used in this Prospectus:

Definition	Meaning
"AEH"	means Anadolu Endüstri Holding A.Ş., a shareholder of Anadolu Efes
"Anadolu Efes"	means Anadolu Efes Biracılık ve Malt Sanayii A.Ş., a shareholder of the Company
"Anadolu Group"	means AEH and its subsidiaries and affiliates
"Audited Consolidated Financial Statements"	means the Group's audited annual consolidated financial statements as at and for the years ended 31 December 2020 and 2019
"Board" and "Board of Directors"	means the executive and non-executive members of the Company's board of directors
"CCI Azerbaijan"	means Azerbaijan Coca-Cola Bottlers L.L.C., a company conducting Coca-Cola production, bottling, distribution and selling operations in Azerbaijan
"CCI Jordan"	means The Coca-Cola Bottling Company of Jordan Ltd., a company conducting Coca-Cola production, bottling, distribution and selling operations in Jordan
"CCI Kazakhstan" and "CCI KZ"	means J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership and Tonus Joint Stock Company acting together to conduct Coca-Cola production, bottling, distribution and selling operations in Kazakhstan
"CCI Kyrgyzstan"	means Coca-Cola Bishkek Bottlers CJSC, a company conducting Coca-Cola production, bottling, distribution and selling operations in Kyrgyzstan
"CCI Pakistan" and "CCI PK"	means Coca-Cola Beverages Pakistan Ltd, a company conducting Coca-Cola production, bottling, distribution and selling operations in Pakistan
"CCI Syria"	means Syrian Soft Drinks Sales and Distribution L.L.C., a company conducting Coca-Cola distribution and selling operations in Syria
"CCI SIQ"	means Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC, a company conducting Coca-Cola production, bottling, distribution and selling operations in Southern Iraq
"CCI Tajikistan" and "CCI TJ"	means Coca-Cola Beverages Tajikistan L.L.C., a company conducting Coca-Cola distribution and selling operations in Tajikistan
"CCI Turkmenistan"	means Turkmenistan Coca-Cola Bottlers, a company conducting Coca-Cola production, bottling, distribution and selling operations in Turkmenistan

"CCI NIQ"...	means (CC) Company for Beverage Industry/Ltd., a company conducting Coca-Cola production, bottling, distribution and selling operations in Northern Iraq
"CCI Holland".......................................	means CCI International Holland B.V.
"CCSD"...	means Coca-Cola Satış ve Dağıtım A.Ş.
"Capital Markets Law"...........................	means Law No. 6362 of Turkey
"Central Asia"..	means Kazakhstan, Azerbaijan, Kyrğyzstan, Turkmenistan and Tajikistan.
"Central Bank"	means the Central Bank of Turkey
"Clearing Systems"	means DTC, Euroclear and Clearstream, Luxembourg
"Clearstream, Luxembourg"..................	means Clearstream Banking, S.A.
"CMB"	means the Capital Markets Board of Turkey
"Communiqué"......................................	means the Communiqué VII 128.8 on Debt Instruments
"CCI", "Company" and "Issuer"...........	means Coca-Cola İçecek Anonim Şirketi, a public joint stock company
"Competition Board".............................	means the Competition Board of The Turkish Competition Authority
"Consolidated Financial Statements"	means the Audited Consolidated Financial Statements and the Q3 2021 Reviewed Interim Financial Statements
"CPI"	means Consumer Price Index
"CRA Regulation".................................	means Regulation (EU) No. 1060/2009
"Decree 32"	means Decree 32 on the Protection of the Value of the Turkish Currency as amended from time to time
"Distribution Compliance Period"..........	means the period of 40 days following the closing date of this Offering
"DTC"	means the Depository Trust Company
"EU"..	means the European Union and its member states as at the date of this Prospectus
"EUR", "€"and "Euro"..........................	means the currency of the participating member states in the third stage of the Economic and Monetary Union of the treaty establishing the European Community
"Euroclear"..	means Euroclear Bank SA/NV
"Euronext Dublin".................................	means the Irish Stock Exchange plc trading as Euronext Dublin
"EUWA"..	means the European Union (Withdrawal) Act 2018
"Exchange Act"	means the United States Securities Exchange Act of 1934, as amended
"Fitch"	means Fitch Ratings Ltd.
"FMCG"	means fast-moving consumer goods
"GDP"	means Gross Domestic Product

"Global Certificates"	means the Restricted Global Certificate together with the Unrestricted Global Certificate
"GlobalData"	means GlobalData PLC
"Group"	means the Company and its subsidiaries and joint ventures
"Interbrand"	means Interbrand, part of the Omnicom Group Inc. network of agencies
"International Offering"	means the sale to non-US persons outside the United States in reliance upon Regulation S under the Securities Act
"Irish Stock Exchange"	means the Irish Stock Exchange plc
"ISO"	means the International Organisation for Standardisation
"Joint Bookrunners"	means HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International and MUFG Securities EMEA plc
"Turkish Lira" and "TRY"	means the lawful currency of Turkey
"Mahmudiye"	means Mahmudiye Kaynak Suyu Ltd. Şti.
"Middle East"	means Iraq and Jordan.
"Nielsen"	means the Nielsen Company, a subsidiary of Nielsen Holdings N.V.
"Non-TAS measures"	means certain financial measures and ratios that are not required by, or presented in accordance with TAS or any other generally accepted accounting principles.
"2024 Notes"	means the Issuer's US$500,000,000 4.215 per cent. Notes due 2024.
"Offering"	means the US Offering and the International Offering together
"Prospectus"	means this Prospectus
"Prospectus Regulation"	means Regulation (EU) 2017/1129
"Q3 2021 Reviewed Interim Financial Statements"	means the Group's unaudited condensed consolidated interim financial statements as at and for the nine months ended 30 September 2021
"QIBs"	means qualified institutional buyers under Rule 144A
"Regulated Market"	means the regulated market of Euronext Dublin
"Regulation S"	means Regulation S under the Securities Act
"Regulation S Notes"	means the Notes offered and sold in reliance on Regulation S
"Restricted Global Certificate"	means the certificate in registered form issued in respect of the Rule 144A Notes
"Rule 144A"	means Rule 144A under the Securities Act
"Rule 144A Notes"	means the Notes offered and sold in reliance on Rule 144A
"Pakistan Rupee" and "PKR"	means the lawful currency of Pakistan
"S&P"	means Standard & Poor's Global Ratings Europe Limited
"Securities Act"	means the United States Securities Act of 1933, as amended

"Tax Decrees"	means Council of Ministers' Decree No. 2009/14592, Decree No. 2009/14593 and Decree No. 2009/14594, each dated 12 January 2009, which have been amended by Presidential Decree No. 842 dated 20 March 2019
"TCCC"	means The Coca-Cola Company
"TCCEC"	means The Coca-Cola Export Corporation
"Tender Offer"	means the invitation by the Company to holders of the 2024 Notes to tender for purchase by the Company for cash their outstanding 2024 Notes, upon the terms and subject to the conditions set out in the Tender Offer Memorandum
"Turkey"	means the Republic of Turkey
"Turkish Commercial Code"	means Turkish Commercial Code No.6102 and published in the Official Gazette dated 14 February 2011 under No.27846
"Unrestricted Global Certificate"	means the certificate in registered form issued in respect of the Regulation S Notes
"US" or "United States"	means the United States of America
"US$" and "US dollars"	means the lawful currency of the United States of America
"US Offering"	means the sale in the United States to qualified institutional buyers as defined in, and in reliance upon, Rule 144A under the Securities Act

APPENDIX A: SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND TURKISH ACCOUNTING STANDARDS

The Audited Consolidated Financial Statements in this Prospectus have been prepared in accordance with Turkish Financial Reporting Standards as announced by the CMB, which differ from the IFRS as described below.

Both the IAS Board and the CMB require the companies operating in the relevant jurisdictions to apply International Accounting Standards (IAS) 29 Financial Reporting in Hyperinflationary Economies ("IAS 29") for the year ended 31 December 2004. However, the IAS Board further extended the application of IAS 29 for the year ended 31 December 2005. The CMB did not require the same for companies listed on the İstanbul Stock Exchange.

Application of IAS 29 requires the restatement of non-monetary items and equity items in the balance sheet. As a result of the non-application by the Group of IAS 29 for the year ended 31 December 2005, a permanent difference has emerged between IFRS and Turkish Financial Reporting Standards.

Because of the changes in the general purchasing power of the currency of a hyperinflationary economy as of 31 December 2004 (including Turkey), IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. Index and conversion factors applied to the Lira as of 31 December 2004 for the previous three year are as follows:

Date	Index	Conversion Factor
31 December 2002	6,478.8	1.29712
31 December 2003	7,382.1	1.13840
31 December 2004	8,403.8	1.00000

The main guidelines for the restatement of prior consolidated financial statements in accordance with IAS 29 are as follows:

- The consolidated financial statements as of 31 December 2004 which are presented for comparative purposes, are restated with the purchasing power of the relevant currency at 31 December 2004, but the restatement is terminated with effect from 1 January 2005.
- Non-monetary assets and liabilities and the components of shareholders' equity including the share capital in the consolidated balance sheet as of 31 December 2005, are presented with the additions until 31 December 2004 expressed in terms of the purchasing power of the relevant currency at 31 December 2004 and the additions after 31 December 2004 are carrying nominal value.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and the components of shareholders' equity including the share capital in the consolidated balance sheet as at 31 December 2004 are restated by applying the relevant conversion factors at current amounts prevailing as of 31 December 2004.
- The effect of inflation on the net monetary position of a company is included in the income statement for the year ended 31 December 2004 and presented as a monetary gain or loss.

- The consolidated income statement for the year ended 31 December 2005 is presented with historical values, except for depreciation and amortisation charges, which are calculated over the total of restated gross book value of property, plant and equipment and intangible assets expressed in terms of the purchasing power of 31 December 2004 and nominal value of additions after 1 January 2005, and gain and losses on disposal of these assets.

Conversion of prior years' balance sheet and income statement accounts to current values by multiplying with price index and related coefficients does not mean that a company could convert these assets and liabilities to cash. Similarly, this situation does not mean that the increase in the capital can be distributed to shareholders.

Effect of the Financial Reporting Standards on the Interim Condensed Consolidated Financial Statements

If the Group had prepared the Q3 2021 Reviewed Interim Financial Statements in line with the IAS 29 the following balance sheet line items would be different: Inflation Adjustment to Issued Capital, Accumulated Profits, Property, Plant and Equipment and Intangibles, Goodwill and Deferred Tax Assets/Liabilities.

If the Group had prepared the Q3 2021 Reviewed Interim Financial Statements in line with the IAS 29 the following income statement items would be different: Depreciation and Amortisation Charge and Tax Charge/Income.

Management believes that the impact of this difference on its financial statements is decreasing over time, as a number of its fixed assets were fully depreciated at the time IAS 29 was applied and as such there would have been no depreciation charge of those fully depreciated restated assets in the Group's income statement.

FINANCIAL STATEMENTS

COCA-CO A İÇECEK ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2021
(ORIGINALLY ISSUED IN TURKISH)

(Convenience Translation into English of
Interim Condensed Consolidated Financial Statements and Notes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Interim Condensed Consolidated Financial Statements as of September 30, 2021

Coca-Cola İçecek Anonim Şirketi

Interim Condensed Consolidated Statement of Financial Position as at September 30, 2021

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

ASSETS	Notes	Unaudited September 30, 2021	Audited (Restated - Note 2) December 31, 2020
Cash and Cash Equivalents	**5**	**4.631.367**	4.660.596
Financial Investments	**6**	**2.176**	23.164
Trade Receivables		**2.373.155**	1.092.390
- Trade receivables due from related parties	*24*	*259.093*	*296.085*
- Trade receivables due from third parties		*2.114.062*	*796.305*
Other Receivables	**9**	**38.614**	33.876
- Other receivables due from third parties		*38.614*	*33.876*
Derivative Financial Instruments	**7**	**40.890**	36.216
Inventories		**1.676.133**	1.041.025
Prepaid Expenses	**10**	**441.317**	298.718
Current Income Tax Assets		**289.461**	248.651
Other Current Assets	**18**	**338.575**	282.287
- Other current assets from third parties		*338.575*	*282.287*
Total Current Assets		**9.831.688**	7.716.923
Other Receivables		**66.487**	47.230
- Other receivables due from third parties		*66.487*	*47.230*
Property, Plant and Equipment	**12**	**8.455.570**	7.343.668
Intangible Assets		**5.873.515**	3.447.193
- Goodwill	*14*	*2.946.953*	*983.477*
- Other intangible assets	*13*	*2.926.562*	*2.463.716*
Right of Use Asset	**12**	**171.456**	193.812
Prepaid Expenses	**10**	**62.869**	208.474
Deferred Tax Assets	**22**	**287.855**	183.335
Derivative Financial Instruments	**7**	**13.063**	6.696
Total Non-Current Assets		**14.930.815**	11.430.408
Total Assets		**24.762.503**	19.147.331

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

Coca-Cola İçecek Anonim Şirketi
Interim Condensed Consolidated Statement of Financial Position as at September 30, 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

LIABILITIES	Notes	Unaudited September 30, 2021	Audited December 31, 2020
Short-term Borrowings	**8**	**517.499**	985.021
- *Bank borrowings*		*517.499*	*984.451*
- *Finance lease payables*		*-*	*570*
Current Portion of Long-term Borrowings	**8**	**348.025**	314.706
- *Bank borrowings*		*303.136*	*258.507*
- *Lease liabilities*		*44.889*	*56.199*
Trade Payables		**3.421.227**	1.837.208
- *Trade payables due to related parties*	*24*	*666.450*	*479.707*
- *Trade payables due to third parties*		*2.754.777*	*1.357.501*
Payables Related to Employee Benefits		**45.518**	50.009
Other Payables	**9**	**1.052.624**	518.142
- *Other payables due to third parties*		*1.052.624*	*518.142*
Derivative Financial Instruments	**7**	**3.101**	58.166
Provision for Corporate Tax		**185.795**	62.430
Current Provisions		**151.948**	78.702
- *Current provisions for employee benefits*		*151.948*	*78.702*
Other Current Liabilities	**18**	**491.080**	418.125
Total Current Liabilities		**6.216.817**	4.322.509
Long-term Borrowings	**8**	**5.506.614**	4.860.685
- *Bank borrowings*		*5.334.108*	*4.681.884*
- *Lease liabilities*		*172.506*	*178.801*
Trade Payables		**92.402**	49.475
- *Trade payables due to related parties*	*24*	*91.112*	*46.722*
- *Trade payables due to third parties*		*1.290*	*2.753*
Non-Current Provisions		**167.033**	146.826
- *Non-current provisions for employee benefits*		*167.033*	*146.826*
Deferred Tax Liability	**22**	**919.930**	813.961
Other Non-Current Liabilities	**18**	**636**	3.814
Derivative Financial Instruments	**7**	**262.962**	213.420
Total Non-Current Liabilities		**6.949.577**	6.088.181
Equity of the Parent		**9.911.575**	7.662.411
Share Capital	**19**	**254.371**	254.371
Share Capital Adjustment Differences	**19**	**(8.559)**	(8.559)
Share Premium		**98.792**	214.241
Non-Controlling Interest Put Option Valuation Fund		**(4.748)**	(4.748)
Other comprehensive income items not to be reclassified to profit or loss		**(24.739)**	(24.739)
- *Actuarial gains / losses*		*(34.521)*	*(34.521)*
- *Other valuation funds*		*9.782*	*9.782*
Other comprehensive income items to be reclassified to profit or loss		**4.357.244**	3.435.916
- *Currency translation adjustment*		*5.734.994*	*4.370.130*
- *Hedge reserve gain / (losses)*		*(1.377.750)*	*(934.214)*
- *Cash flow hedge reserve gain / (losses)*		*(186.082)*	*(141.940)*
- *Net investment hedge reserve gain / (losses)*		*(1.191.668)*	*(792.274)*
Restricted Reserves Allocated from Net Profit	**19**	**275.363**	206.683
Accumulated Profit / Loss		**2.923.738**	2.356.575
Net Income / (Loss) for the period		**2.040.113**	1.232.671
Non-Controlling Interest		**1.684.534**	1.074.230
Total Equity		**11.596.109**	8.736.641
Total Liabilities		**24.762.503**	19.147.331

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

Coca-Cola İçecek Anonim Şirketi
Interim Condensed Consolidated Statement of Profit or Loss
for the nine months period ended September 30, 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Unaudited		Unaudited Restated (Note 2)	
	Notes	**January 1 – September 30, 2021**	**July 1 - September 30, 2021**	January 1 – September 30, 2020	July 1 - September 30, 2020
Net Revenue		16.365.081	6.794.102	11.206.893	4.972.556
Cost of Sales (-)		(10.581.196)	(4.366.442)	(7.270.916)	(3.079.935)
Gross Profit / (Loss)		**5.783.885**	**2.427.660**	3.935.977	1.892.621
General and Administration Expenses (-)		(587.141)	(190.236)	(472.506)	(150.680)
Marketing, Selling and Distribution Expenses (-)		(2.291.138)	(891.512)	(1.529.946)	(557.559)
Other Operating Income	20	179.550	47.184	215.389	79.519
Other Operating Expense (-)	20	(171.481)	(39.316)	(255.617)	(105.513)
Profit / (Loss) From Operations		**2.913.675**	**1.353.780**	1.893.297	1.158.388
Gain from Investing Activities	20	195.617	160.703	80.940	9.862
Loss from Investing Activities (-)	20	(224.218)	(211.836)	(17.399)	(2.247)
Gain / (Loss) from Joint Ventures	11	(3.445)	(208)	(3.214)	(265)
Profit / (Loss) Before Financial Income / (Expense)		**2.881.629**	**1.302.439**	1.953.624	1.165.738
Financial Income / (Expense)		**(18.247)**	**(111.907)**	(110.437)	(16.227)
Financial Income	21	968.848	264.421	832.061	324.148
Financial Expenses (-)	21	(987.095)	(376.328)	(942.498)	(340.375)
Profit / (Loss) Before Tax from Continuing Operations		**2.863.382**	**1.190.532**	1.843.187	1.149.511
Tax Expense from Continuing Operations		**(622.966)**	**(198.584)**	(436.412)	(234.925)
Deferred Tax Income / Expense (-)	*22*	*37.390*	*18.893*	*(69.720)*	*(61.741)*
Current Period Tax Expense (-)		*(660.356)*	*(217.477)*	*(366.692)*	*(173.184)*
Net Profit / (Loss) from Continuing Operations		**2.240.416**	**991.948**	1.406.775	914.586
Net Profit / (Loss) from Discontinuing Operations		**-**	**-**	(4.422)	201
Attributable to:					
Non-controlling interest		200.303	76.188	85.699	79.848
Equity holders of the parent	23	2.040.113	915.760	1.316.654	834.939
Net Profit / (Loss) for the period		**2.240.416**	**991.948**	1.402.353	914.787
Equity Holders Earnings Per Share (full TL)	23	0,08020	0,03600	0,05176	0,03282
Equity Holders Earnings Per Share from Continuing Operations (full TL)	23	0,08020	0,03600	0,05194	0,03282
Equity Holders Earnings Per Share from Discontinuing Operations (full TL)	23	-	-	(0,00017)	0,00001

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

Coca-Cola İçecek Anonim Şirketi
Interim Condensed Consolidated Statement of Comprehensive Income
for the nine months period ended September 30, 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Unaudited		Unaudited (Restated Note 2)	
	January 1 – September 30, 2021	**July 1 - September 30, 2021**	January 1 – September 30, 2020	July 1 - September 30, 2020
Profit / (loss) for the period	**2.240.416**	**991.948**	1.402.353	914.787
Hedge reserve gain / (losses)	**(543.724)**	**(67.822)**	(573.083)	(290.073)
- *Cash flow hedge reserve gain / (losses)*	**(44.481)**	**(1.391)**	23.350	18.330
- *Net investment hedge reserve gain / (losses)*	**(499.243)**	**(66.431)**	(596.433)	(308.403)
Deferred tax effect	**100.188**	**4.781**	126.360	63.901
Currency translation adjustment	**1.538.945**	**70.817**	1.596.046	1.004.294
Other comprehensive income items to be reclassified to profit or loss, net	**1.095.409**	**7.776**	1.149.323	778.122
Total of Other Comprehensive Income After Tax	**3.335.825**	**999.724**	2.551.676	1.692.909
Total Comprehensive Income Attributable to:				
Non-controlling interest	**374.384**	**44.838**	326.782	250.417
Equity holders of the parent	**2.961.441**	**954.886**	2.224.894	1.442.492

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

Coca-Cola İçecek Anonim Şirketi

Interim Condensed Consolidated Statement of Changes in Equity for the nine months period ended September 30, 2021

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

					Other comprehensive income and expense items									
					Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity	Share Capital	Share Capital Adjustment Differences	Share Premium	Non-Controlling Interest Put Option Valuation Fund	Other Valuation Funds	Actuarial Gains / Losses	Hedge Reserve	Currency Translation Adjustment	Restricted Reserves Allocated from Net Profit	Accumulated Profit / Loss	Net Profit / Loss for the Period	Total Equity of the Parent	Non-Controlling Interest	Total Equity
January 1, 2020	254.371	(8.559)	214.241	(4.748)	9.782	(27.545)	(424.014)	3.699.139	184.044	1.652.554	965.769	6.515.034	854.315	7.369.349
Other comprehensive income/(loss)	-	-	-	-	-	-	(446.723)	1.354.963	-	965.769	(965.769)	908.240	241.083	1.149.323
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	1.316.654	1.316.654	85.699	1.402.353
Total Comprehensive Income / (loss)	-	-	-	-	-	-	(446.723)	1.354.963	-	965.769	350.885	2.224.894	326.782	2.551.676
Dividends	-	-	-	-	-	-	-	-	-	(239.109)	-	(239.109)	(33.072)	(272.181)
Transfers	-	-	-	-	-	-	-	-	22.639	(22.639)	-	-	-	-
September 30, 2020	254.371	(8.559)	214.241	(4.748)	9.782	(27.545)	(870.737)	5.054.102	206.683	2.356.575	1.316.654	8.500.819	1.148.025	9.648.844
January 1, 2021	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(34.521)**	**(934.214)**	**4.370.130**	**206.683**	**2.356.575**	**1.232.671**	**7.662.411**	**1.074.230**	**8.736.641**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(443.536)**	**1.364.864**	**-**	**1.232.671**	**(1.232.671)**	**921.328**	**174.081**	**1.095.409**
Net profit / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.040.113**	**2.040.113**	**200.303**	**2.240.416**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(443.536)**	**1.364.864**	**-**	**1.232.671**	**807.442**	**2.961.441**	**374.384**	**3.335.825**
Dividends	**-**	**-**	**(115.449)**	**-**	**-**	**-**	**-**	**-**	**-**	**(596.828)**	**-**	**(712.277)**	**(82.297)**	**(794.574)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68.680**	**(68.680)**	**-**	**-**	**-**	**-**
Acquisition of subsidiary (Note 3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**318.217**	**318.217**
September 30, 2021	**254.371**	**(8.559)**	**98.792**	**(4.748)**	**9.782**	**(34.521)**	**(1.377.750)**	**5.734.994**	**275.363**	**2.923.738**	**2.040.113**	**9.911.575**	**1.684.534**	**11.596.109**

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

(Convenience Translation into English of Interim Condensed Consolidated Financial Statements and Notes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi
Interim Condensed Consolidated Statement of Cash Flows
for the nine months period ended September 30, 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Unaudited **January 1, September 30, 2021**	Unaudited January 1, September 30, 2020 (Restated)
Net profit / (loss) from continuing operations for the period		**2.240.416**	1.406.775
Net profit / (loss) from discontinuing operations for the period		**-**	(4.422)
Adjustments to reconcile net profit / (loss)		**1.557.377**	1.322.095
Adjustments for depreciation and amortization expense		**775.485**	678.372
Adjustments for impairment loss (reversal)		**204.907**	55.375
- *Provision / (reversal) for expected credit loss*		*(9.643)*	*38.975*
- *Provision / (reversal) for inventories*		*3.628*	*7.119*
- *Impairment loss / (reversal) in property, plant and equipment*	12, 20	*210.922*	*9.281*
Adjustments for provisions		**116.804**	95.758
- *Provision / (reversal) for employee benefits*		*116.804*	*95.758*
Adjustments for interest (income) expenses		**269.947**	181.438
- *Interest income*	*21*	*(106.189)*	*(83.669)*
- *Interest expense*	*21*	*376.136*	*265.107*
Adjustments for fair value loss (gain)		***(39.569)***	(26.779)
- Adjustments for fair value of derivative instruments *(gain) / loss*		*(18.791)*	*45.267*
- Adjustments for fair value *(gain) / loss*	26	*(20.778)*	*(72.046)*
Adjustments for unrealized currency translation		(248.774)	*(115.759)*
(Gain) / loss from joint ventures	11	3.445	3.214
Adjustments for tax (income) / expense		622.966	436.412
Adjustments for (gain) / loss on sale of property, plant and equipment	20	(161.543)	*(776)*
Interest expense from lease liabilities	21	13.709	14.840
Changes in working capital		**260.550**	74.906
Adjustments for decrease (increase) in trade receivables		**(1.302.615)**	(735.288)
- *Decrease / (increase) on trade receivables due from related parties*		*36.990*	(109.303)
- *Decrease / (increase) on trade receivables due from third parties*		*(1.339.605)*	(625.985)
Adjustments for decrease / (increase) in inventories		**(381.142)**	(239.807)
Adjustments for increase (decrease) in trade payables		**1.517.407**	763.348
- *Increase / (decrease) on trade payables due to related parties*		*231.133*	93.989
- *Increase / (decrease) on trade payables due to third parties*		*1.286.274*	669.359
Adjustments for increase (decrease) in other payables		*426.900*	*286.653*
Cash flows generated from operating activities		**4.058.343**	2.799.354
Payments made for employee benefits		(57.040)	*(46.813)*
Tax returns / (payments)		(427.275)	*(158.925)*
Other inflows / (outflows) of cash		129.613	44.805
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**3.703.641**	2.638.421
Cash outflows arising from purchase of property, plant, equipment and intangible assets		**(831.247)**	(456.904)
- *Cash outflow from purchase of property, plant and equipment*	12	*(769.488)*	(412.442)
- *Cash outflow from purchase of intangibles*	13	*(61.759)*	(44.462)
Proceeds from sale of property, plant and equipment and intangibles		**203.622**	15.869
Cash inflow/outflow from acquisition of subsidiary	3	**(2.234.822)**	-
Other cash inflow/outflows	3	**180.388**	-
B. NET CASH USED IN INVESTING ACTIVITIES		**(2.682.059)**	(441.035)
Cash inflow / outflow due to lease liabilities	8	**(77.656)**	(57.110)
Proceeds from borrowings	8	**1.096.716**	2.369.845
Repayments of borrowings	8	**(1.755.070)**	(2.778.426)
Cash inflow / outflow due to derivative instruments		**(664)**	14.847
Interest paid	8	(401.465)	(290.239)
Interest received		106.189	83.669
Dividend paid		(794.574)	(272.181)
Other inflows / (outflows) of cash		**20.988**	(112.151)
C. NET CASH USED IN FINANCING ACTIVITIES		**(1.805.536)**	(1.041.746)
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**(783.954)**	1.155.640
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**754.725**	631.716
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**(29.229)**	1.787.356
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5	**4.660.596**	2.822.808
CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+B+C+D+E)	5	**4.631.367**	4.610.164

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

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

1. GROUP’S ORGANI ATION AND NATURE O ACTI ITIES

General

Coca-Cola İçecek Anonim Şirketi (“CCI” - “the Company”), is the bottler and distributor of alcohol-free beverages in Turkey, Pakistan, Central Asia and the Middle East. The operations of the Company consist of production, sales and distribution of sparkling and still beverages with The Coca-Cola Company (“TCCC”) trademarks. The Company has 10 (2020 - 10) production facilities in different regions of Turkey and operates 19 (2020 - 16) production facilities in countries other than Turkey. The registered office address of CCI is OSB Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey.

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

The interim condensed consolidated financial statements of the Group were approved for issue by the Board of Directors on November 3, 2021, which were signed by the Audit Committee and Chief Executive Officer Burak Başarır. The General Assembly and the regulatory bodies have the right to make amendments to the interim condensed consolidated financial statements after their issuance.

Shareholders of the Company

AG Anadolu Grubu Holding A.Ş. is the ultimate controlling party of the Company. As of September 30, 2021, and December 31, 2020 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	September 30, 2021		December 31, 2020	
	Nominal Amount	**Percentage**	Nominal Amount	Percentage
Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (“Anadolu Efes”)	**102.047**	**40,12%**	102.047	40,12%
The Coca-Cola Export Corporation (“TCCEC”)	**51.114**	**20,09%**	51.114	20,09%
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (“Efpa”)	**25.788**	**10,14%**	25.788	10,14%
Özgörkey Holding A.Ş.	**3.887**	**1,53%**	4.788	1,88%
Publicly Traded	**71.535**	**28,12%**	70.634	27,77%
	254.371	**100,00%**	254.371	100,00%
Inflation Restatement Effect	**(8.559)**	**-**	(8.559)	-
	245.812		245.812	

Özgörkey Holding A.Ş. shares with a nominal value of TL 677 has been listed to Central Registry Agency, with a sale purpose (December 31, 2020 - TL 1.578).

Nature of Activities of the Group

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

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

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

According to the Sales and Distribution Agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. (“Doğadan”), a subsidiary of TCCC, it’s approved that sales and distribution of Doğadan products will be realized by CCSD throughout Turkey starting from September 2008. An agreement has been reached between TCCC and CCI to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, our Company's sales and distribution activities of Doğadan brand in Turkey has terminated as of April 30, 2020.

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

1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (cont'd)

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

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

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

Subsidiaries and Joint Ventures

As of September 30, 2021, and December 31, 2020 the list of CCI's subsidiaries and joint ventures and its effective participation percentages are as follows:

Subsidiaries

			Effective Shareholding and Voting Rights	
	Place of Incorporation	**Principal Activities**	**September 30, 2021**	December 31, 2020
Coca-Cola Satış ve Dağıtım Anonim Şirketi ("CCSD")	Turkey	Distribution and sales of Coca-Cola, Doğadan and Mahmudiye products	**99,97%**	99,97%
Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye")	Turkey	Filling of natural spring water	**100,00%**	100,00%
J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership ("Almaty CC")	Kazakhstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
Azerbaijan Coca-Cola Bottlers Limited Liability Company ("Azerbaijan CC")	Azerbaijan	Production, distribution and sales of Coca-Cola products	**99,87%**	99,87%
Coca-Cola Bishkek Bottlers Closed Joint Stock Company ("Bishkek CC")	Kyrgyzstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
CCI International Holland B.V. ("CCI Holland")	Holland	Holding company	**100,00%**	100,00%
Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership ("Tonus") (***)	Kazakhstan	Holding company	**-**	100,00%
The Coca-Cola Bottling Company of Jordan Limited ("TCCBCJ")	Jordan	Production, distribution and sales of Coca-Cola products	**90,00%**	90,00%
Turkmenistan Coca-Cola Bottlers ("Turkmenistan CC")	Turkmenistan	Production, distribution and sales of Coca-Cola products	**59,50%**	59,50%
Sardkar for Beverage Industry/Ltd ("SBIL")(**)	Iraq	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
Waha Beverages B.V. ("Waha B.V.")	Holland	Holding Company	**80,03%**	80,03%
Coca-Cola Beverages Tajikistan Limited Liability Company ("Tajikistan CC")	Tajikistan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC ("Al Waha")	Iraq	Production, distribution and sales of Coca-Cola products	**80,03%**	80,03%
Coca-Cola Beverages Pakistan Limited ("CCBPL") (*)	Pakistan	Production, distribution and sales of Coca-Cola products	**49,67%**	49,67%
LLC Coca-Cola Bottlers Uzbekistan ("CCBU") (Note 3)	Uzbekistan	Production, distribution and sales of Coca-Cola products	**57,12%**	-

(*) CCBPL is fully consolidated since 1 January 2013 in accordance with TFRS, due to amendments made on CCBPL's Shareholders' Agreement for transferring the control of CCBPL to CCI.
(**) The Group decided to change the trade name of (CC) Company for Beverages Industry Limited as Sardkar for Beverage Industry Ltd. ("SBIL") and new trade name was registered as of October 16, 2018.
(***) As of March 2021, liquidation process of Tonus Turkish-Kazakh Joint Venture LLP (Tonus) has been finalized.

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

1. GROUP'S ORGANI ATION AND NATURE O ACTI ITIES (cont'd)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights September 30, 2021	Effective Shareholding and Voting Rights December 31, 2020
Syrian Soft Drink Sales and Distribution L.L.C. ("SSDSD")	Syria	Distribution and sales of Coca-Cola products	**50,00%**	50,00%

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

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

Seasonality of Operations

Sparkling beverages consumption is seasonal, typically resulting in higher demand during the summer season and accordingly the seasonality effects are reflected in the figures. Therefore, the results of operations for the nine months ended September 30, 2021 do not automatically constitute an indicator for the results to be expected for the overall fiscal year.

Average Number of Employees

Category-based average number of employees working during the period is as follows (Joint ventures are considered with full numbers for September 30, 2021 and 2020 and excluding CCBU's employees).

	September 30, 2021	September 30, 2020
Blue-collar	**3.481**	3.258
White-collar	**4.617**	4.782
Average number of employees	**8.098**	8.040

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

In the scope of the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), the Group has prepared interim condensed consolidated financial statements as at September 30, 2021 in accordance with TAS 34, "Interim Financial Reporting". The interim condensed consolidated financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué. The entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods.

In addition, the interim condensed consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

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

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS cont'd

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

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

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

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

Summary of Significant Accounting Policies and Changes

The interim condensed consolidated financial statements of the Group as of September 30, 2021 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the period ended December 31, 2020, except for the adoption of new and amended standards.

Interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

Comparative Information and Restatement of Prior Period

Company's sales and distribution activities of Doğadan brand in Turkey has been terminated as of April 30, 2020. Accordingly, our Company's sales and distribution activities of Doğadan brand in Kazakhstan and Azerbaijan has been terminated as of the end of July.

For the nine months period ended September 30, 2020, details of statement of profit and loss from discontinued operations are as follows;

	January 1, September 30, 2020	July 1, September 30, 2020
Net revenue	60.021	17
Cost of sales (-)	(57.693)	-
Selling, distribution and marketing expenses (-)	(4.762)	237
Other operating expenses (-)	(1.742)	-
Profit / (loss) before tax from discontinuing operations for the period	**(4.176)**	**254**
Current period tax expense	(246)	(53)
Net profit / (loss) after tax from discontinuing operations for the period	**(4.422)**	**201**

The Group has made significant assumptions over the useful life of spare parts for machinery and equipment based on the expertise of the technical departments. The Group has made an estimation change in useful life assumption in 2020 and decreased the 20 years useful life assumption to 10 years. As of September 30, 2020 effect on prior period's income or loss is TL 94.371 million negatively (Cost of goods sold TL 92.224, Other operating expense TL 2.147). As of September 30, 2020 consolidated financial statements are restated.

Impairment amounting to (TL 53.147) of (TL 57.642) was reclassified from "Trade Receivables" to "Long Term Prepaid Expenses" account in non-current assets and impairment amounting to (TL 4.495) was reclassified to "Short Term Prepaid Expenses" account in current assets in the consolidated financial statements as of December 31, 2020. The aforementioned classification has no effect on previous years' losses and net profit for the relevant period.

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

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS cont'd

Impact of COVID-19 Outbreak on Group's Operations

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID 19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure of some sales channels in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize capital expenditures and increase in inventory and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group's operations.

Group management has evaluated the potential effects of Covid-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of September 30, 2021. In this concept, Group has performed impairment test for financial assets, inventories, right of use assets, property, plant and equipment, goodwill and bottling rights and has not recognized any impairment loss other than stated in consolidated financial statements as of September 30, 2021.

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

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

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

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

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS cont'd

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS cont'd

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Functional and Presentation Currency

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

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

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS cont'd

Functional and presentation currency of the Company is Turkish Lira (TL). *Functional Currencies of the Subsidiaries and Joint Ventures is as follows:*

	September 30, 2021		December 31, 2020	
	Local Currency	**Functional Currency**	Local Currency	Functional Currency
CCSD	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Mahmudiye	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Almaty CC	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	Kazakh Tenge
Azerbaijan CC	**Manat**	**Manat**	Manat	Manat
Turkmenistan CC	**Turkmen Manat**	**Turkmen Manat**	Turkmen Manat	Turkmen Manat
Bishkek CC	**Som**	**Som**	Som	Som
TCCBCJ	**Jordanian Dinar**	**Jordanian Dinar**	Jordanian Dinar	Jordanian Dinar
SBIL	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
SSDSD	**Syrian Pound**	**Syrian Pound**	Syrian Pound	Syrian Pound
CCBPL	**Pakistan Rupee**	**Pakistan Rupee**	Pakistan Rupee	Pakistan Rupee
CCI Holland	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Waha B.V.	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Al Waha	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
Tajikistan CC	**Somoni**	**Somoni**	Somoni	Somoni
CCBU	**Som**	**Som**	-	-

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated statement of profit and loss of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the asset accounts are translated into TL with the official TL exchange rate of USD buying on September 30, 2021, USD 1,00 (full) = TL 8,8785 (December 31, 2020; USD 1,00 (full) = TL 7,3405) whereas, USD amounts in the liability accounts are translated into TL with the official TL exchange rate of USD selling on September 30, 2021, USD 1,00 (full) = TL 8,8945. Furthermore, USD amounts in the statement of profit and loss are translated into TL, at the average TL exchange rate for USD for the period is USD 1,00 (full) = TL 8,0961 (January 1 - September 30, 2020; USD 1,00 (full) = TL 6,7142).

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the statement of profit and loss of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

Estimation Uncertainty

For the condensed consolidated interim financial statements, as of September 30, 2021, Group management has to make key assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities in the preparation of condensed consolidated financial statements. Actual results can be different from estimations. These estimations are reviewed at each balance sheet date; required corrections are made and reflected in the results of operations of the related period. The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are consistent with the assumptions and estimations made for the year ended December 31, 2020, except for the necessary considerations made for income taxes.

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

3. BUSINESS COMBINATION

As per the announcement made on 6 August 2021, CCI signed a Share Purchase Agreement with The State Assets Management Agency of the Republic of Uzbekistan ("UzSAMA") as the winner in the open sale process to privatize Coca-Cola Bottlers Uzbekistan, Ltd ("CCBU"). Closing of the transaction was subject to the receipt of relevant and customary approvals including governmental approvals; these have been received, and the acquisition was completed officially as of 29 September 2021. As a result of completion, and in consideration for a purchase price of USD 252,28 million paid to CCBU, CCI has become the holder of a 57,12% stake in CCBU. The remaining stake in CCBU is held indirectly by The Coca-Cola Company.

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired company is in progress in accordance with TFRS 3 "Business Combinations". TFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. The Group has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on CCBU's financial statements at the acquisition date. As of September 30, 2021, TL 1.810.929 temporary difference between total consideration and carrying value of identifiable assets, liabilities and contingent liabilities of CCBU was booked as provisional goodwill in the consolidated financial statements.

The carrying value of CCBU's net assets in its unaudited financial statements as of the date of acquisition are as follows:

	Carrying value of CCBU
Cash & cash equivalents	180.388
Trade receivables	26.446
Inventories	257.594
Other current assets	256.414
Property, plant and equipment	240.263
Trade payables	(123.950)
Other current liabilities	(95.045)
Carrying Value of Net Assets	**742.110**
Acquired shares %	57,12%
Net asset value acquired by the Group	423.893
Total consideration	2.234.822
Consolidated net asset value by the Group	(742.110)
Net asset value of the minority (42,88%)	318.217
Provisional goodwill arising from acquisition	**1.810.929**
Cash paid	2.234.822
Cash received	(180.388)
Net cash outflow from acquisition	**2.054.434**

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

4. SEGMENT REPORTING

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

For the transfers between segments, market prices and conditions are carried out for measuring and reporting the segment revenues of transactions of the Company's operating segments with other segments.

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

	September 30, 2021			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	6.665.746	9.719.169	(19.834)	16.365.081
Cost of sales (-)	(4.218.240)	(6.382.102)	19.146	(10.581.196)
Gross profit	**2.447.506**	**3.337.067**	**(688)**	**5.783.885**
Operating expenses (-)	(1.605.428)	(1.383.061)	110.210	(2.878.279)
Other operating income / (expense), net	1.435.818	25.406	(1.453.155)	8.069
Profit from operations	**2.277.896**	**1.979.412**	**(1.343.633)**	**2.913.675**
Gain from investing activities	164.456	37.660	(6.499)	195.617
Loss from investing activities (-)	(47.048)	(183.668)	6.498	(224.218)
Gain / (loss) from joint ventures	-	(3.445)	-	(3.445)
Profit before financial income / (expense)	**2.395.304**	**1.829.959**	**(1.343.634)**	**2.881.629**
Financial income	870.805	116.391	(18.348)	968.848
Financial expense (-)	(1.357.552)	(147.134)	517.591	(987.095)
Profit before tax from continuing operations	**1.908.557**	**1.799.216**	**(844.391)**	**2.863.382**
Tax income / (expense) from continuing operations	(113.265)	(344.159)	(165.542)	(622.966)
Net profit or (loss) from continuing operations	**1.795.292**	**1.455.057**	**(1.009.933)**	**2.240.416**
Net profit or (loss) from discontinuing operations	**-**	**-**	**-**	**-**
Non-controlling interest	-	200.303	-	200.303
Equity holders of the parent	**1.795.292**	**1.254.754**	**(1.009.933)**	**2.040.113**
Purchase of property, plant, equipment and intangible asset	**286.605**	**544.642**	**-**	**831.247**
Amortization expense of right of use asset	32.223	17.316		49.539
Depreciation and amortization expenses	177.912	548.142	(108)	725.946
Other non-cash items	55.757	12.803	377	68.937
Earnings before interest and tax (EBITDA)	**2.543.788**	**2.557.673**	**(1.343.364)**	**3.758.097**

	September 30, 2021			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**11.278.001**	**16.076.832**	**(2.592.330)**	**24.762.503**
Total Liabilities	**7.817.897**	**5.676.174**	**(327.677)**	**13.166.394**

As of September 30, 2021, the portion of Almaty CC in the consolidated net revenue and total assets is 16% and 10% respectively.

As of September 30, 2021, the portion of CCBPL in the consolidated net revenue and total assets is 22% and 15% respectively.

As of September 30, 2020, the portion of Almaty CC in the consolidated net revenue and total assets is 15% and 11% respectively.

As of September 30, 2020, the portion of CCBPL in the consolidated net revenue and total assets is 20% and 16% respectively.

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

4. SEGMENT REPORTING (cont'd)

	September 30, 2020			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	4.838.520	6.369.365	(992)	11.206.893
Cost of sales (-)	(2.903.169)	(4.369.035)	1.288	(7.270.916)
Gross profit	1.935.351	2.000.330	296	3.935.977
Operating expenses (-)	(1.147.543)	(927.794)	72.885	(2.002.452)
Other operating income / (expense), net	545.336	(34.687)	(550.877)	(40.228)
Profit / (loss) from operations	1.333.144	1.037.849	(477.696)	1.893.297
Gain from investing activities	73.347	8.832	(1.239)	80.940
Loss from investing activities (-)	(1.240)	(17.398)	1.239	(17.399)
Gain / (loss) from joint ventures	-	(3.214)	-	(3.214)
Profit before financial income/(expense)	1.405.251	1.026.069	(477.696)	1.953.624
Financial income	715.446	133.360	(16.745)	832.061
Financial expense (-)	(1.338.607)	(217.070)	613.179	(942.498)
Profit before tax from continuing operations	782.090	942.359	118.738	1.843.187
Tax income / (expense) from continuing operations	(104.299)	(186.187)	(145.926)	(436.412)
Net profit or (loss) from continuing operations	677.791	756.172	(27.188)	1.406.775
Net profit or (loss) from discontinuing operations	(5.410)	988	-	(4.422)
Non-controlling interest	-	85.699	-	85.699
Equity holders of the parent	672.381	671.461	(27.188)	1.316.654
Purchase of property, plant, equipment and intangible asset	208.550	248.354	-	456.904
Amortization expense of right of use asset	32.926	16.156	-	49.082
Depreciation and amortization expenses	162.037	467.912	(659)	629.290
Other non-cash items	25.380	30.780	(7.797)	48.363
Earnings before interest and tax (EBITDA)	1.553.487	1.552.697	(486.152)	2.620.032

	December 31, 2020			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	8.889.598	10.457.071	(199.338)	19.147.331
Total Liabilities	6.444.842	4.051.742	(85.894)	10.410.690

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

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

As of September 30, 2021, and 2020, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	September 30, 2021	September 30, 2020
Profit / (loss) from operations	**2.913.675**	1.893.297
Depreciation and amortization	**725.946**	629.290
Provision for employee benefits	**33.524**	29.201
Foreign exchange gain / (loss) under other operating income / (expense) (Note 20)	**35.413**	19.162
Amortization expense of right of use asset	**49.539**	49.082
EBITDA	**3.758.097**	2.620.032

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

5. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020
Cash on hand	**11.655**	2.561
Cash in banks		
-Time deposits	**3.099.155**	3.949.785
-Demand deposits	**1.520.510**	708.239
Cheques	**47**	11
	4.631.367	4.660.596

As of September 30, 2021, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 2.573.797, existed for periods varying between 1 day to 67 days (December 31, 2020 - TL 2.727.652, 1 day to 68 days) and earned interest between 0,05% - 8,25% (December 31, 2020 - 0,50% -8,25%).

As of September 30, 2021, time deposits in local currency amounting to TL 525.358 existed 1 to 40 days (December 31, 2020 - TL 1.222.133, 4 days to 50 days) and earned interest of 17,0% – 19,03% (December 31, 2020 – 15,5% - 19,0%)

As of September 30, 2021, there is TL 3.776 (December 31, 2020 - TL 13.526) of interest income accrual on time deposits with maturities less than 3 months. As of September 30, 2021, and December 31, 2020, the fair values of cash and cash equivalents are equal to book value.

6. FINANCIAL INVESTMENTS

	September 30, 2021	December 31, 2020
Time deposits with maturities more than 3 months	**2.176**	23.164
	2.176	23.164

As of September 30, 2021, time deposits with maturities over 3 months are composed of USD and KZT with 131 and 266 days' maturity and have 2,25% interest rate for USD, 7,50% - 8,25% for KZT.

As of December 31, 2020, time deposits with maturities over 3 months are composed of USD with 1 and 174 days' maturity and have 1,00% - 2,50% interest rates.

7. DERIVATIVE FINANCIAL INSTRUMENTS

As of September 30, 2021 the Group has 7 aluminum swap transactions with a total nominal amount of TL 169.291 for 7.905 tones. The total of these aluminum swap contracts is designated as hedging instruments as of March 26, 2020, April 1, 2020, April 27, 2020, May 1, 2020 and September 29, 2021, in cash flow hedges related to forecasted cash flow for the high probability purchases of cans exposed to commodity price risk for the year 2021 and 2022.

As of December 31, 2020, the Group has 8 aluminum swap transactions with a total nominal amount of TL 174.193 for 14.810 tones. The total of these aluminum swap contracts is designated as hedging instruments as of March 26, 2020, April 1, 2020, April 24, 2020, April 27, 2020 and May 1, 2020, in cash flow hedges related to forecasted cash flow for the high probability purchases of cans exposed to commodity price risk for the year 2021 and 2022.

As of September 30, 2021, the Group has no new sugar swap transactions.

As of December 31, 2020, the Group has 11 sugar swap transactions with a total nominal amount of TL 5.523 for 2.200 tones. The total of these sugar swap contracts is designated as hedging instruments as of March 12, 2020, March 16, 2020 and March 19, 2020 in cash flow hedges related to forecasted cash flow for the high probability purchases of sugar exposed to commodity price risk for the year 2021 and 2022.

As of September 30, 2021, the Group holds a derivative financial instrument of an option contract signed on January 27, 2021 with an amount of USD 3 million (leveraged amount USD 4,5 million) and a maturity of December 27, 2021. The total swap value of this hedge transaction is TL 26.636.

As of September 30, 2021, the Group holds a derivative financial instrument of an option contract signed on August 23, 2021 with an amount of USD 26 million (leveraged amount USD 44 million) and a maturity of August 1, 2022. The total swap value of this hedge transaction is TL 230.841.

As of December 31, 2020, the Group holds a derivative financial instrument of cross currency swap contract signed on February 11, 2020 with an amount of EUR 25,03 million and a maturity of January 13, 2021. The total nominal value of this hedge transaction is TL 225.523.

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

7. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

As of September 30, 2021, the Group has a cross currency swap contract with a total amount of USD 150 million due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. The Group has also purchased an option amounting to USD 150 million for hedging the foreign exchange exposure with those two derivative transactions (nominal amount of TL 1.331.775).

As of December 31, 2020, the Group has a cross currency swap contract with a total amount of USD 150 million due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. The Group has purchased an option amounting to USD 150 million for hedging the foreign exchange exposure with those two derivative transactions (nominal amount of TL 1.101.075).

As of September 30, 2021, the Group has an interest – foreign exchange swap contract subject to fair value hedge with total amount of EUR 25 million due on May 11, 2022, for the probability of arising interest rate exposure. The nominal value of this transaction is TL 257.333.

As of 30 September 2021 and 31 December 2020, nominal and fair value of commodity swap and forward derivative financial instruments are as follows:

	September 30, 2021		December 31, 2020	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**169.291**	**45.820**	179.716	42.912
Cross currency participation swaps assets/(liabilities)	**1.331.775**	**(262.154)**	1.101.075	(213.420)
Other derivative instruments				
Swap contracts assets/(liabilities)	**-**	**-**	225.523	(58.166)
Option contracts assets/(liabilities)	**257.477**	**5.929**	-	-
Fair value hedge reserve assets / (liabilities)	**257.333**	**(1.705)**	-	-
Derivative financial instruments (net)	**2.015.876**	**(212.110)**	1.506.314	(228.674)

8. FINANCIAL BORROWINGS

	September 30, 2021	December 31, 2020
Short-term borrowings	**517.499**	984.451
Current portion of long-term borrowings and bond issued	**303.136**	258.507
Total short-term borrowings	**820.635**	1.242.958
Long-term borrowings and bond issued	**5.334.108**	4.681.884
Total borrowings	**6.154.743**	5.924.842

As of September 30, 2021, there is interest expense accrual amounting to TL 33.701 on total amount of borrowings (December 31, 2020 - TL 57.915).

The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Short-term	**Long-term**	Short-term	Long-term
U.S. Dollars	**17.626**	**4.195.545**	40.218	3.469.000
Euro	**160.072**	**443.078**	360.536	487.741
Turkish Lira	**475.231**	**570.000**	535.903	570.000
Pakistan Rupee	**74.371**	**8.001**	252.485	28.248
Kazakh Tenge	**93.335**	**117.484**	49.476	126.895
Azerbaijan Manat	**-**	**-**	4.340	-
	820.635	**5.334.108**	1.242.958	4.681.884

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

8. FINANCIAL BORROWINGS cont'd

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

	September 30, 2021	December 31, 2020
Short-term		
U.S. Dollar denominated borrowings	**(3,00%)**	(3,00%)
Euro denominated borrowings	**-**	(1,35%)
Azerbaijan Manat denominated borrowings	**-**	(12,50%)
Pakistan Rupee denominated borrowings	**(1M Kibor - 0,10%) - (1M Kibor + 0,20%)**	(1M Kibor - 0,10%) - (1M Kibor + 0,30%)
TL denominated borrowings	**(18,75%)**	(7,90%)- (10,20%)
Long-term		
U.S. Dollar denominated borrowings	**(4,22%) - (6M Libor + 2,50%)**	(4,22%) - (6M Libor + 2,50%)
Euro denominated borrowings	**(6M Euribor + 1,60%) - (3M Euribor + 2,75%)**	(6M Euribor + 1,60%) – (3M Euribor + 2,75%)
Kazakh Tenge denominated borrowings	**(6,00%)**	(6,00%)
Pakistan Rupee denominated borrowings	**(1,80%)**	(1,80%)
Turkish Lira denominated borrowings	**(11,74%)**	(11,74%)

Repayment plans of long-term borrowings as of September 30, 2021 and December 31, 2020 are as follows (including current portion of long-term borrowings):

	September 30, 2021	December 31, 2020
2021	**77.756**	258.507
2022	**300.647**	248.079
2023	**1.371.098**	1.116.455
2024 and after	**3.887.743**	3.317.350
	5.637.244	4.940.391

Net debt reconciliation

Reconciliations of net debt as of September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021	December 31, 2020
Cash and cash equivalents	**4.631.367**	4.660.596
Borrowings – repayable within one year	**(820.635)**	(1.242.958)
Borrowings – repayable after one year	**(5.334.108)**	(4.681.884)
	(1.523.376)	(1.264.246)
Cash and cash equivalents	**4.631.367**	4.660.596
Borrowings – fixed rate	**(5.477.321)**	(5.044.123)
Borrowings – floating rate	**(677.422)**	(880.719)
	(1.523.376)	(1.264.246)

Movements of financial debt as of September 30, 2021 and 2020 are as follows:

	September 30, 2021	September 30, 2020
Financial borrowing at the beginning of the period	**5.924.842**	5.266.850
Proceeds from borrowings	1.096.716	2.369.845
Repayments of borrowings	(1.755.070)	(2.778.426)
Cash flows	**(658.354)**	(408.581)
Adjustments for interest expense	376.136	265.107
Interest paid	(401.465)	(290.239)
Changes in interest accruals	**(25.329)**	(25.132)
Foreign exchange loss / (gain) from foreign currency denominated borrowings	*740.165*	*1.078.292*
Currency translation adjustment	173.419	210.697
Financial borrowing at the end of period	**6.154.743**	6.122.126

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

8. FINANCIAL BORROWINGS cont'd

Financial Lease Payable

As of September 30, 2021, there is no finance lease payables (December 31, 2020 – TL 570).

Lease Liabilities

As of September 30, 2021, net present value of lease liabilities are TL 217.395. Movement of lease liabilities as of September 30, 2021 and 2020 are as follows:

	September 30, 2021	September 30, 2020
Balance as of January 1st	**235.000**	222.263
Increase in lease liabilities	**8.498**	55.083
Change in lease liabilities	**2.056**	3.600
Payments during period	**(77.656)**	(57.110)
Interest expense of lease liabilities	**13.709**	14.804
Foreign exchange loss / (gain)	**9.238**	2.551
Currency translation differences	**26.550**	17.305
Balance at the end of period	**217.395**	258.496

9. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	September 30, 2021	December 31, 2020
Receivables due from personnel	**24.844**	8.179
Deposits and guarantees given	**8.006**	3.053
Receivable from tax office and other official receivables	**807**	16.958
Other	**4.957**	5.686
	38.614	33.876

Other Payables

	September 30, 2021	December 31, 2020
Deposits and guarantees	**473.858**	337.667
Taxes and duties payable	**502.219**	164.790
Other	**76.547**	15.685
	1.052.624	518.142

10. PREPAID EXPENSES

a) Short term prepaid expenses

	September 30, 2021	December 31, 2020
Prepaid marketing expenses	**91.229**	118.148
Prepaid insurance expenses	**22.221**	16.066
Prepaid rent expenses	**2.508**	9.792
Prepaid other expenses	**15.082**	8.035
Advances given	**310.277**	146.677
	441.317	298.718

b) Long term prepaid expenses

	September 30, 2021	December 31, 2020
Prepaid marketing expenses	**39.086**	169.376
Prepaid rent expenses	**18.895**	20.435
Prepaid other expenses	**4.831**	2.339
Advances given	**57**	16.324
	62.869	208.474

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

11. INVESTMENT IN JOINT VENTURES

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

As of September 30, 2021, and December 31, 2020 total assets, total liabilities, net revenue and profit / (loss) for the current period of SSDSD is as follows:

SSDSD	**September 30, 2021**	December 31, 2020
Total assets	**298**	1.144
Total liabilities	**14.288**	11.584
Equity	**(13.990)**	(10.440)

SSDSD	**September 30, 2021**	September 30, 2020
Net revenue	**-**	-
Loss for the period	**(6.891)**	(6.427)
Group's share in loss	**(3.445)**	(3.214)

12. PROPERTY, PLANT AND EQUIPMENT

For the nine months period ended September 30, 2021 and 2020, the additions and disposals on property, plant and equipment and net book values are as follows:

	Additions	**Additions through business combination**	**Transfers**	**Disposals**	**Net book value at September 30, 2021**
Land and Buildings	**6.037**	**9.588**	**46.103**	**(15.985)**	**2.659.199**
Machinery and Equipment	**156.781**	**37.936**	**120.818**	**(670)**	**3.654.370**
Vehicles	**10.367**	**24.863**	**(17.193)**	**(3.552)**	**95.564**
Furniture and Fixtures	**6.422**	**1.813**	**(1.013)**	**(1.283)**	**48.839**
Other Tangible Assets	**424.732**	**24.008**	**5.210**	**(20.589)**	**1.479.400**
Leasehold Improvements	**-**	**-**	**-**	**-**	**394**
Construction in Progress	**165.149**	**142.055**	**(153.925)**	**-**	**517.804**
	769.488	**240.263**	**-**	**(42.079)**	**8.455.570**

	Additions	Additions through business combination	Transfers	Disposals	Net book value at September 30, 2020
Land and Buildings	1.514	-	43.633	(658)	2.546.372
Machinery and Equipment	94.146	-	(17.700)	(8.255)	3.720.181
Vehicles	3.462	-	179	(171)	75.970
Furniture and Fixtures	1.267	-	6.219	(317)	52.434
Other Tangible Assets	188.840	-	71.180	(5.692)	1.277.750
Leasehold Improvements	-	-	-	-	451
Construction in Progress	123.213	-	(103.511)	-	282.321
		-			
	412.442	-	-	(15.093)	7.955.479

Impairment Loss

As of September 30, 2021, the Group had provided impairment losses amounting to TL 210.922 (September 30, 2020 - TL 9.281) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for "Out of Use" tangible assets (Note 20).

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

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Right of Use Asset

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

a) amount of the initial measurement of the lease liability;
b) any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

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

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

For the nine months period ended September 30, 2021 and 2020, balances and depreciation and amortization expenses of right of use assets are as follows:

	January 1, 2021	**Additions**	**Changes**	**Disposals, net**	**Currency translation**	**Depreciation charge for the current period**	**September 30, 2021**
Land and Buildings	**118.027**	**3.293**	**1.633**	**(90)**	**15.439**	**(13.687)**	**124.615**
Machinery and Equipment	**23.705**	**511**	**-**	**-**	**453**	**(7.558)**	**17.111**
Vehicles	**49.757**	**4.694**	**423**	**(1.177)**	**1.953**	**(26.996)**	**28.654**
Furniture and Fixtures	**2.323**	**-**	**-**	**-**	**51**	**(1.298)**	**1.076**
	193.812	**8.498**	**2.056**	**(1.267)**	**17.896**	**(49.539)**	**171.456**

	January 1, 2020	Additions	Changes	Disposals, net	Currency translation	Depreciation charge for the current period	September 30, 2020
Land and Buildings	109.230	11.770	2.689	(4.589)	22.565	(14.274)	127.391
Machinery and Equipment	8.361	29.795	738	(5.987)	444	(6.565)	26.786
Vehicles	73.339	11.358	173	(1.992)	3.062	(25.673)	60.267
Furniture and Fixtures	3.441	2.160	-	-	125	(2.570)	3.156
	194.371	55.083	3.600	(12.568)	26.196	(49.082)	217.600

13. INTANGIBLE ASSETS

For the nine months period ended September 30, 2021 and 2020, the additions on intangible assets and net book values are as follows:

	Additions	**Transfers**	**Disposals**	**Net book value**
Bottlers and Distribution Agreements	**-**	**-**	**-**	**2.652.912**
Other Rights	**10.900**	**88.126**	**-**	**220.367**
Construction in Progress	**50.859**	**(88.126)**	**-**	**53.283**
	61.759	**-**	**-**	**2.926.562**

	Additions	Transfers	Disposals	Net book value
Bottlers and Distribution Agreements	-	-	-	2.448.488
Other Rights	11.150	24.903	-	140.044
Construction in Progress	33.312	(24.903)	-	68.595
	44.462	-	-	2.657.127

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

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

14. GOODWILL

As of September 30, 2021, and 2020, movement of goodwill is as follows:

	January 1, 2021	**Additions**	**Currency Translation Difference**	**September 30, 2021**
Cost	**1.094.332**	**1.810.929**	**173.171**	**3.078.432**
Impairment reserve	**(110.855)**	**-**	**(20.624)**	**(131.479)**
Net book value	**983.477**	**1.810.929**	**152.547**	**2.946.953**

	January 1, 2020	Additions	Currency Translation Difference	September 30, 2020
Cost	911.742	-	215.581	1.127.323
Impairment reserve	(67.914)	-	(30.540)	(98.454)
Net book value	843.828	-	185.041	1.028.869

As explained in Note 3 'Business Combinations', registration of acquired shares of Uzbekistan, has been finalized under CCI Holland as of September 29,2021. TL 1.810.929 difference among cash paid and net assets was booked as provisional positive goodwill in consolidated financial position in accordance with TFRS 3 'Business Combinations' standard (Note 3).

As of September 30, 2021, and 2020, operating segment distribution of goodwill is as follows:

	Domestic	**International**	**Consolidated**
September 30, 2021	-	**2.946.953**	**2.946.953**
September 30, 2020	-	1.028.869	1.028.869

15. GOVERNMENT INCENTIVES

As of September 30, 2021, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir, Isparta and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 295.245 (December 31, 2020, TL 293.938) with a total tax advantage of TL 112.500 (December 31, 2020, TL 89.705). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 4.648 (December 31, 2020, TL 3.708).

On September 3, 2020 the Coca Cola Almaty Bottlers (Company), opened a revolving credit line amounting 10.000.000 kKZT with an interest rate level of 15% per annum in SB Sberbank of Russia JSC. The Company signed the subsidy agreements with the Bank and Damu for each subsidizing tranche of loan. Part of the interest rate on the loan in the amount of 15% per annum is subject to subsidizing, while part of the interest rate in the amount of 9% per annum is paid by the DAMU, which is owned by Kazakhstan government, and the rest of the interest is paid by the Company, in accordance with the repayment schedule to the Subsidy Agreement.

16. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey
Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in 225 litigations arising in the ordinary course of business as of September 30, 2021 with an amount of TL 15.157 (December 31, 2020 – 213 litigations, TL 14.458). As of September 30, 2021, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status or liquidity.

Guarantee Letters

As of September 30, 2021, the aggregate amount of letter of guarantees provided to banks are TL 118.148 (December 31, 2020 - TL 130.858).

16. PRO ISIONS, CONTINGENT ASSETS and IABI ITIES cont'd

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of September 30, 2021, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be TL 330.494 (December 31, 2020 - TL 235.377).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

Mortgages

As of September 30, 2021, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 31.262 (December 31, 2020 - TL 25.847) and TL 138.759 (December 31, 2020 - TL 122.474) respectively, for the credit lines obtained.

Letter of Credit

As of September 30, 2021, CCBPL obtained letter of credits amounting to TL 77.437 (EUR 7,5 million) and TL 61.563 (USD 6,9 million). (December 31, 2020 - CCBPL TL 6.280 (EUR 0,7 million) and TL 393 (USD 0,1 million)).

Guarantee Letters

As of September 30, 2021, total amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 9.940 (December 31, 2020 - TL 9.442).

As of September 30, 2021, and December 31, 2020 total guarantees and pledges given by the Group are as follows:

	September 30, 2021					
	Total TL Equivalent	**Original TL Amount**	**Original USD in Thousands**	**Original EUR in Thousands**	**Original PKR in Thousands**	**Other Foreign Currency TL Equivalent**
A. Total guarantees and pledges given by the Company for its own corporation	**288.169**	**118.028**	**13**	**-**	**2.667.000**	**31.262**
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	**740.190**	**-**	**3.600**	**44.742**	**752.077**	**208.556**
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	**1.028.359**	**118.028**	**3.613**	**44.742**	**3.419.077**	**239.818**
Other guarantees and pledges given / Total equity (%)	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2020					
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	288.622	128.926	13	204	2.809.346	28.752
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	834.571	-	4.600	53.579	3.034.853	178.802
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	1.123.193	128.926	4.613	53.783	5.844.199	207.554
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

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

16. PRO ISIONS, CONTINGENT ASSETS and IABI ITIES cont'd

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

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve. The various legislation and regulations are not always clearly written, and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

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

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

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to TL 182.352) additional tax payment from CCBPL, by arguing that "Sales and Excise Tax" should be applied retrospectively by considering the period before the cancellation of "Capacity Tax" application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favorable (December 31, 2020 - PKR 3.505 million, equivalent to TL 160.979).

17. COMMITMENTS

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of September 30, 2021, CCBPL has USD 3 million sugar purchase commitment to the Banks until the end of December 2021 and USD 37,7 million sugar and resin purchase commitment to the Banks until the end of September 2022.

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2020, CCBPL has USD 0,8 million sugar purchase commitment to the Banks until the end of December 2021 and has USD 2,8 million sugar purchase commitment to the Banks until the end of June 2021.

18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	September 30, 2021	December 31, 2020
VAT receivables	**304.777**	250.655
Other	**33.798**	31.632
	338.575	282.287

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

18. OTHER ASSETS AND LIABILITIES (cont'd)

b) Other Current Liabilities

	September 30, 2021	December 31, 2020
Advance received	**82.018**	69.224
Put option of share from non-controlling interest	**380.640**	331.285
Other	**28.422**	17.616
	491.080	418.125

The obligation of TL 20.991 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD selling rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities (December 31, 2020-TL 17.324).

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2022, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V (December 31, 2020 19,97%). This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 359.649 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2020-TL 313.961).

c) Other Non-Current Liabilities

	September 30, 2021	December 31, 2020
Deferred income	**636**	3.814
	636	3.814

19. EQUITY

Share Capital

	September 30, 2021	December 31, 2020
Common shares 1 Kr par value		
Authorized and issued (units)	**25.437.078.200**	25.437.078.200

Legal reserves

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

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

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

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

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

19. EQUITY (cont'd)

As of September 30, 2021, and December 31, 2020 breakdown of the equity of the Company in its tax books is as follows.

	September 30, 2021			December 31, 2020		
	Historical Amount	**Inflation Restatement Differences**	**Restated Amount**	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	**254.371**	**(8.559)**	**245.812**	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	**261.967**	**13.396**	**275.363**	193.287	13.396	206.683
Extraordinary Reserves	**45.848**	**9.551**	**55.399**	252.776	9.551	262.327

Dividends

On September 10, 2020, Coca-Cola İçecek AŞ's (CCI) Board of Directors resolved to invite Our Company's shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TL 211.128 gross dividends to be paid from accumulated profits in accordance with the Provisional Article 13/1 of Turkish Commercial Code No. 6102 and Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the Turkish Commercial Code numbered 6102. However, with the Presidential Decree no. 2948 published in the Official Gazette dated September 18, 2020, it was decided to extend the restriction period for the distribution of profits specified in the aforementioned Communiqué by three months to December 31, 2020, therefore the dividend distribution and the extraordinary general assembly processes were cancelled.

Implementation period for the above mentioned legal regulation has ended, CCI Board of Directors resolved on January 20, 2021 to invite our Company's shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TL 211.128 gross dividends (from extraordinary reserves after legal liabilities are deducted) to be fully paid from accumulated profits. Total dividend amount will be paid starting from February 18, 2021.

Aforementioned proposal of dividend distribution of Board of Directors approved by General Assembly. A gross cash dividend of TL 0,83 (net TL 0,83) per 100 shares, representing TL 1 nominal value, paid to Turkey-based full and limited corporate taxpayers, who receive dividends through an established business or a representative office in Turkey. Other shareholders received gross TL 0,83 (net TL 0,7055) per 100 shares.

CCSD, subsidiary of the Group, distributed dividend with an amount of T 39 gross (TL 39,44 was paid for 100 shares, representing TL 1 nominal value) as of February 18, 2021.

As per the resolution of the Board of Directors of Coca-Cola İçecek (CCI) dated February 24, 2021, our Company recorded a net income of TL 1.232.671 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standards in 2020. The Board of Directors resolved to propose to the General Assembly the distribution of a total TL 501.110 gross dividends to be paid starting from May 27, 2021. After legal liabilities are deducted, TL 395.000 of this amount will be paid from 2020 net income, and TL 106.110 will be paid from other distributable reserves. As per the proposal, the remainder of 2020 net income will be added to the extraordinary reserves.

Aforementioned proposal of dividend distribution of Board of Directors approved by General Assembly. A gross cash dividend of TL 1,97 (net TL 1,97) per 100 shares, representing TL 1 nominal value, paid to Turkey based full and limited corporate taxpayers, who receive dividends through an established business or a representative office in Turkey. Other shareholders received gross TL 1,97 (net TL 1,6745) per 100 shares.

In year 2020, the Group paid dividends to its shareholders with an amount of TL 239.109 (TL 0,94 (full) was paid per 100 shares, representing TL 1 nominal value).

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

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

20. OTHER INCOME / EXPENSE

a) Other operating income / expense	January 1, - September 30, 2021	July 1, - September 30, 2021	January 1, - September 30, 2020	July 1, - September 30, 2020
Other operating income				
Gain on sale of scrap materials	**36.946**	**20.375**	17.070	6.255
Insurance income	**8.253**	**1.116**	4.209	692
Foreign exchange gain	**95.702**	**14.466**	177.372	68.727
Other income	**38.649**	**11.227**	16.738	3.845
	179.550	**47.184**	215.389	79.519
Other operating expense				
Donations	**(722)**	**(715)**	(2.245)	(528)
Foreign exchange loss	**(131.115)**	**(24.189)**	(196.534)	(79.706)
Administrative fines	**(468)**	**(85)**	(1.099)	(164)
Idle time expense	**-**	**-**	(16.385)	(3.525)
Other expenses	**(39.176)**	**(14.327)**	(39.354)	(21.590)
	(171.481)	**(39.316)**	(255.617)	(105.513)

b) Gain / (Loss) from Investing Activities	January 1, - September 30, 2021	July 1, - September 30, 2021	January 1, - September 30, 2020	July 1, - September 30 2020
Gain from Investing Activities				
Gain on put option revaluation	**20.778**	**17.244**	72.046	8.912
Impairment reversal of property, plant and equipment	**13.296**	**4.277**	8.118	174
Gain on disposal of property, plant and equipment	**161.543**	**139.182**	776	776
	195.617	**160.703**	80.940	9.862
Loss from Investing Activities				
Loss on disposal of property, plant and equipment	-	**-**	-	7.587
Provision for impairment in property, plant and equipment	**(224.218)**	**(211.836)**	(17.399)	(9.834)
	(224.218)	**(211.836)**	(17.399)	(2.247)

21. FINANCIAL INCOME / EXPENSE

a) Financial Income	January 1, - September 30, 2021	July 1, - September 30, 2021	January 1, - September 30, 2020	July 1, - September 30, 2020
Interest income	**106.189**	**30.774**	83.669	30.738
Foreign exchange gain	**834.843**	**217.769**	700.189	293.479
Derivative transaction gain	**27.816**	**15.878**	48.203	(69)
	968.848	**264.421**	832.061	324.148
b) Financial Expense				
Interest expense	(376.136)	(148.801)	(265.107)	(90.610)
Foreign exchange loss	(586.070)	(223.078)	(584.133)	(212.501)
Interest expense of lease liabilities	(13.709)	(4.318)	(14.840)	(4.815)
Derivative transaction loss	(11.180)	(131)	(78.418)	(32.449)
	(987.095)	(376.328)	(942.498)	(340.375)

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

21. FINANCIAL INCOME / EXPENSE cont'd

As of September 30, 2021, and 2020 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	January 1, - September 30, 2021	**July 1, - September 30, 2021**	January 1, - September 30, 2020	July 1, - September 30, 2020
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(740.165)**	**(101.529)**	(1.078.292)	(509.132)

22. TAX RELATED ASSETS AND LIABILITIES

General information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, the corporate tax rate is 20%, according to Article 32 of the Corporate Tax Law (KVK). This rate had returned to the legal rate of 20% at the beginning of 2021, after being applied as 22% for the corporate earnings of the institutions for 2018, 2019, and 2020 taxation periods under the temporary article 10 of the KVK. With the temporary article 13 added to the KVK with the 11th article of the Law on the Collection Procedure of Public Receivables and Other Laws No. 7316, the corporate tax rate has been increased for a period of 2 years once again. According to the aforementioned temporary article, the legal corporate tax rate of 20% will be applied as 25% for the corporate earnings of the corporations for the 2021 taxation period, and as 23% for the corporate earnings for the 2022 taxation period. Unless a new legal regulation will be made, Article 32 of the KVK will come into effect, and the corporate tax rate will be back to the legal rate of 20% from the beginning of 2023. Within the scope of the aforementioned law, deferred tax assets and liabilities in the consolidated financial statements as of September 30, 2021, are calculated as 25% for the part of temporary differences that will have a tax effect in 2021, 23% for the amount that will have tax effect in 2022 and for the part that will have a tax effect in the following periods calculated with 20% rate. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the related month. The tax legislation provides for a provisional tax of 25% (2020 - 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Different corporate tax rates of foreign subsidiaries are as follows:

	September 30, 2021	December 31, 2020
Kazakhstan	**20%**	20%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%
Jordan	**17%**	16%
Iraq	**15%**	15%
Pakistan	**29%**	29%

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

22. TA RE ATED ASSETS AND IABI ITIES cont'd

The temporary differences subject to deferred tax and the deferred tax liability calculated by using effective tax rates as of 30 September 2021 and 31 December 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(4.331.995)**	**(1.070.107)**	(3.784.055)	(935.031)
Right of use asset	**45.939**	**10.293**	41.626	10.862
Financial borrowings	**9.953**	**1.210**	(22.179)	(4.436)
Employee termination, other employee benefits and other payable accruals	**183.047**	**40.870**	134.576	28.689
Unused investment incentive	**295.245**	**112.500**	293.938	89.705
Carry forward tax loss	**437.329**	**87.466**	584.642	116.928
Trade receivables, payables and other	**852.853**	**207.288**	336.168	79.511
Derivative financial instruments	**141.551**	**28.310**	206.931	41.386
Inventory	**(44.496)**	**(7.045)**	(30.168)	(6.267)
	(2.410.574)	**(589.215)**	(2.238.521)	(578.653)
Minus : Provision for valuation of carry forward loss	**(214.298)**	**(42.860)**	(259.866)	(51.973)
	(2.624.872)	**(632.075)**	(2.498.387)	(630.626)
Deferred tax assets		**287.855**		183.335
Deferred tax liabilities		**(919.930)**		(813.961)
Deferred tax liability, net		**(632.075)**		(630.626)

The expiration dates of carryforward tax loss for which deferred tax has not been calculated are as follows;

	30 September 2021	31 December 2020
2021	**38.702**	38.702
2022	**-**	-
2023	**99.878**	221.164
2024	**-**	-
2025	**75.718**	-
	214.298	259.866

As of September 30, 2021, and 2020, the movement of net deferred tax liability is as follows:

	September 30, 2021	September 30, 2020
Balance at January 1,	**630.626**	561.143
Deferred tax expense / (income)	**(37.390)**	69.720
Tax expense recognized in comprehensive income	**(100.188)**	(126.360)
Currency translation adjustment	**139.027**	180.464
	632.075	684.967

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

23. EARNINGS / (LOSSES) PER SHARE

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

As of September 30, 2021, and 2020 earnings / (losses) per share is as follows:

	January 1, - September 30, 2021	**July 1, - September 30, 2021**	January 1, - September 30, 2020	July 1, - September 30, 2020
Net income for the period	**2.040.113**	**915.760**	1.316.654	834.939
Weighted average number of ordinary shares	**25.437.078.200**	**25.437.078.200**	25.437.078.200	25.437.078.200
Net Earnings Per Share from continuing and discontinued operations (Full TL)	**0,08020**	**0,03600**	0,05176	0,03282

	January 1, - September 30, 2021	**July 1, - September 30, 2021**	January 1, - September 30, 2020	July 1, - September 30, 2020
Net income for the period	**2.040.113**	**915.760**	1.321.076	834.738
Weighted average number of ordinary shares	**25.437.078.200**	**25.437.078.200**	25.437.078.200	25.437.078.200
Net Earnings Per Share from continuing operations (Full TL)	**0,08020**	**0,03600**	0,05194	0,03282

	January 1, - September 30, 2021	**July 1, - September 30, 2021**	January 1, - September 30, 2020	July 1, - September 30, 2020
Net income for the period	**-**	**-**	(4.422)	201
Weighted average number of ordinary shares	**25.437.078.200**	**25.437.078.200**	25.437.078.200	25.437.078.200
Net Earnings Per Share from discontinued operations (Full TL)	**-**	**-**	(0,00017)	0,00001

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

24. RELATED PARTY BALANCES AND TRANSACTIONS

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

	September 30, 2021				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Receivables from related parties**	**Payables to related parties**	
				Short Term	**Long Term**
Related Parties and Shareholders					
Anadolu Group Companies (1)	**288.869**	**47.808**	**149.285**	**1.909**	**-**
The Coca-Cola Company (1)(*)	**101.353**	**3.644.128**	**100.172**	**653.923**	**57.792**
Özgörkey Holding Group Companies (1)	**1.225**	**28.876**	**-**	**8.281**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**9.636**	**-**	**-**
Day Trade (2)	**-**	**-**	**-**	**474**	**33.320**
National Beverage Co. (3)	**-**	**2.258**	**-**	**-**	**-**
Other	**-**	**34.139**	**-**	**1.863**	**-**
Total	**391.447**	**3.757.209**	**259.093**	**666.450**	**91.112**

	September 30, 2020		December 31, 2020		
	Sales to related parties and other revenues	Purchases from related parties and other expenses	Receivables from related parties	Payables to related parties	
				Short Term	Long Term
Related Parties and Shareholders					
Anadolu Group Companies (1)	256.116	26.125	78.656	1.603	-
The Coca-Cola Company (1)(*)	27.691	2.386.476	209.368	453.836	46.722
Özgörkey Holding Group Companies (1)	961	13.954	-	2.856	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	-	-	8.061	-	-
Doğadan (2)	20.071	65.073	-	761	-
Day Trade (2)	-	-	-	19.817	-
National Beverage Co. (3)	-	1.872	-	-	-
Other	-	-	-	834	-
Total	304.839	2.493.500	296.085	479.707	46.722

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

(*) As of September 30, 2021, long-term payables to related parties amounting to TL 41.134 consists of long term loan payable from European Refreshment with a 5,70% fixed interest rate and a maturity of 5 years (December 31, 2020 – TL 46.222).

As of September 30, 2021, and 2020, purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset and raw material purchases and toll production.

As of September 30, 2021, and 2020, sales to related parties and other revenues consist of sale of finished goods and support charges of promotional expenses reflected to related parties.

As of September 30, 2021, and 2020, remuneration received by the executive members of the Board of Directors, Chief Executive Officer, Chief Operating Officers and Directors of the Company are as follows:

	September 30, 2021		September 30, 2020	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**640**	**22.641**	556	21.710
Other long-term benefits	**-**	**1.471**	-	1.452
	640	**24.112**	556	23.162
Number of top executives	**4**	**11**	4	11

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

(a) Capital Management

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

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

As of September 30, 2021, and December 31, 2020 debt to equity ratio, obtained by dividing the total net debt, the financial borrowings and loan debts minus cash and cash equivalents and short-term financial assets, to share capital is as follows:

	September 30, 2021	December 31, 2020
Financial borrowings	**6.372.138**	6.160.412
Due to related parties as loan payable (*)	**41.134**	46.722
Less: Cash and cash equivalents and short-term financial assets	**(4.633.543)**	(4.683.760)
Net debt	**1.779.729**	1.523.374
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**7,00**	5,99

(*) As of September 30, 2021, long-term payables to related parties amounting to TL 41.134 consists of long term loan payable from European Refreshment with a 5,70% fixed interest rate and a maturity of 5 years (December 31, 2020 – TL 46.222).

(b) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by balancing the interest rate of assets and liabilities or derivative financial instruments.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

As of September 30, 2021, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for December 31, 2021, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	September 30, 2021	September 30, 2020
Increase / decrease of 1% interest in U.S. Dollar denominated borrowing interest rate	**80**	140
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**1.496**	1.654
Increase / decrease of 1% interest in Pakistan Rupee denominated borrowing interest rate	**95**	54
Total	**1.671**	1.848

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

As of September 30, 2021, and 2020, the analysis of the Group's financial instruments exposed to interest risk are as follows:

Interest Rate Risk	**September 30, 2021**	September 30, 2020
Financial instruments with fixed interest rate		
Time deposits (Note 5, 6)	**3.101.331**	3.823.517
Financial liabilities (Note 8)	**5.477.321**	5.253.994
Financial instruments with floating interest rate		
Financial liabilities (Note 8)	**677.422**	868.132

(c) Foreign Currency Risk

The Group is exposed to exchange rate fluctuations due to the nature of its business. This risk occurs due to purchases, sales, demand / time deposits and bank borrowings of the Group, which are denominated in currencies other than the functional currency. The Group manages its foreign currency risk by balancing the amount of foreign currency denominated assets and liabilities and by using derivate financial instruments. (Note 7)

	January 1, - September 30, 2021	**July 1, - September 30, 2021**	January 1, - September 30, 2020	July 1, - September 30, 2020
Total export	**21.539**	**8.211**	29.184	7.833
Total import	**3.795.815**	**1.796.077**	2.636.294	972.144

Foreign Currency Position

As of September 30, 2021, and December 31, 2020, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

	Foreign Currency Position Table					
	September 30, 2021					
	Total TL Equivalent	**U.S. Dollar**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	100.755	11.348	100.755	-	**-**	**-**
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.968.305	220.648	1.959.019	902	9.286	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	48.839	842	7.477	4.018	41.362	-
4. Current Assets (1+2+3)	**2.117.899**	**232.838**	**2.067.251**	**4.920**	**50.648**	**-**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	196	-	-	19	196	-
8. Non-Current Assets (5+6+7)	**196**	**-**	**-**	**19**	**196**	**-**
9. Total Assets (4+8)	**2.118.095**	**232.838**	**2.067.251**	**4.939**	**50.844**	**-**
10. Trade Payables and Due to Related Parties	1.002.173	107.144	952.988	3.937	40.600	8.585
11. Short-term Borrowings and Current Portion of Long - term Borrowings	177.698	1.982	17.626	15.523	160.072	-
12a. Monetary Other Liabilities	393.843	42.804	380.720	1.275	13.123	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.573.714**	**151.930**	**1.351.334**	**20.735**	**213.795**	**8.585**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	
15. a Long-Term Borrowings	4.638.623	471.701	4.195.545	42.968	443.078	-
15. b. Long-Term Lease Liabilities	37.204	1.902	16.922	1.967	20.282	-
16 a. Monetary Other Liabilities	-	-		-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**4.675.827**	**473.603**	**4.212.467**	**44.935**	**463.360**	**-**
18. Total Liabilities (13+17)	**6.249.541**	**625.533**	**5.563.801**	**65.670**	**677.155**	**8.585**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**3.665.605**	**441.000**	**3.922.938**	**(25.000)**	**(257.333)**	**-**
19a. Total Hedged Assets	**257.477**	**29.000**	**257.477**	-	-	-
19b. Total Hedged Liabilities	**(3.923.082)**	**(470.000)**	**(4.180.415)**	**25.000**	**257.333**	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(465.841)**	**48.305**	**426.388**	**(85.731)**	**(883.644)**	**(8.585)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7, B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(4.180.481)**	**(393.537)**	**(3.504.027)**	**(64.768)**	**(667.869)**	**(8.585)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**4.224**	**668**	**5.929**	**(165)**	**(1.705)**	**-**

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

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	Foreign Currency Position Table					
	December 31, 2020					
	Total TL Equivalent	U.S. Dollar	TL Equivalent	Euro	TL Equivalent	Other Foreign Currency TL Equivalent
1. Trade Receivables and Due from Related Parties	209.484	28.538	209.484	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	2.514.040	342.245	2.512.253	198	1.787	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	50	1	6	5	44	-
4. Current Assets (1+2+3)	**2.723.574**	**370.784**	**2.721.743**	**203**	**1.831**	**-**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.804	479	3.516	32	288	-
8. Non-Current Assets (5+6+7)	**3.804**	**479**	**3.516**	**32**	**288**	**-**
9. Total Assets (4+8)	**2.727.378**	**371.263**	**2.725.259**	**235**	**2.119**	**-**
10. Trade Payables and Due to Related Parties	471.583	63.476	465.947	610	5.497	139
11. Short-term Borrowings and Current Portion of Long - term Borrowings	400.754	5.479	40.218	40.024	360.536	-
12a. Monetary Other Liabilities	333.006	45.364	332.997	1	9	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.205.343**	**114.319**	**839.162**	**40.635**	**366.042**	**139**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	
15. a. Long-Term Borrowings	3.956.742	472.584	3.469.000	54.146	487.742	-
15. b. Long-Term Lease Liabilities	37.942	1.675	12.298	2.847	25.644	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**3.994.684**	**474.259**	**3.481.298**	**56.993**	**513.386**	**-**
18. Total Liabilities (13+17)	**5.200.027**	**588.578**	**4.320.460**	**97.628**	**879.428**	**139**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**2.569.521**	**319.324**	**2.343.998**	**25.036**	**225.523**	**-**
19a. Total Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**(2.569.521)**	**(319.324)**	**(2.343.998)**	**(25.036)**	**(225.523)**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**96.872**	**102.009**	**748.797**	**(72.357)**	**(651.786)**	**(139)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7, B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2.476.503)**	**(217.795)**	**(1.598.723)**	**(97.430)**	**(877.641)**	**(139)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(58.166)**	**-**	**-**	**(6.457)**	**(58.166)**	**-**

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

	Foreign Currency Position Sensitivity Analysis			
	September 30, 2021		September 30, 2020	
	Income / (Loss)	Income / (Loss)	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
Changes in the U.S. Dollar against Turkish Lira by 10%:				
1- U.S. Dollar denominated net asset / (liability)	**(349.655)**	**349.655**	(195.850)	195.850
2- U.S. Dollar denominated hedging instruments (-)	**392.294**	**(392.294)**	350.769	(350.769)
3- Net effect in U.S. Dollar (1+2)	**42.639**	**(42.639)**	154.919	(154.919)
Changes in the Euro against Turkish Lira by 10%:				
4- Euro denominated net asset / (liability)	**(62.631)**	**62.631**	(93.143)	93.143
5- Euro denominated hedging instruments (-)	**(25.733)**	**25.733**	22.853	(22.853)
6- Net effect in Euro (4+5)	**(88.364)**	**88.364**	(70.290)	70.290
Average changes in the other foreign currencies against Turkish Lira by 10%:				
7- Other foreign currency denominated net asset / (liability)	**(859)**	**859**	43	(43)
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**(859)**	**859**	43	(43)
TOTAL (3+6+9)	**(46.584)**	**46.584**	84.672	(84.672)

25. NATURE AND E E O RISKS ARISING ROM INANCIA INSTRUMENTS cont'd

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

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

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

(e) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions, bond issues, cash and short-term deposits.

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

(f) Commodity Price Risk

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

Based on a 12-month anticipated purchase of can, the Company hedges the purchase price using commodity (aluminium) swap contracts and aluminium swap call option (Note 7).

Based on a 12-month anticipated purchase of sugar, the Company hedges the purchase price using commodity (sugar) swap contracts and sugar swap call option (Note 7).

26. FINANCIAL INSTRUMENTS

Fair Values

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

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

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

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

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

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

26. INANCIA INSTRUMENTS cont'd

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

September 30, 2021	**Level 1**	**Level 2**	**Level 3**
a) Assets presented at fair value			
Derivative financial instruments	**-**	**53.953**	**-**
Total assets	**-**	**53.953**	**-**
b) Liabilities presented at fair value			
Derivative financial instruments	**-**	**266.063**	-
Put option of share from non-controlling interest	**20.991**	**-**	**359.649**
Total liabilities	**20.991**	**266.063**	**359.649**

December 31, 2020	Level 1	Level 2	Level 3
a) Assets presented at fair value			
Derivative financial instruments	-	42.912	-
Total assets	-	42.912	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	271.586	-
Put option of share from non-controlling interest	17.324	-	313.961
Total liabilities	17.324	271.586	313.961

As of September 30, 2021 and 2020, the movement of share purchase option below level 3 is as follows;

	September 30, 2021	September 30, 2020
Balance at January 1st	**313.961**	209.204
Gain from revaluation of put option of share from non-controlling interest	**(20.778)**	(72.046)
Currency translation difference	**66.466**	65.781
End of the period	**359.649**	202.939

27. EVENTS AFTER BALANCE SHEET DATE

In accordance with the announcement made on October 27, 2021, Coca-Cola Icecek A.Ş. ("CCI") completed the acquisition of a minority stake owned by European Refreshments ("ER"), a wholly owned subsidiary of The Coca-Cola Company ("TCCC"), of 19,97% in Waha Beverages B.V. ("Waha BV") the holding company for Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC a company incorporated in Baghdad ("Al Waha"). ER exercised its put option under a shareholders agreement entered between ER and CCI in 2013, that became exercisable between December 31, 2016 and 2022. Pursuant to ER's decision to exercise its put option and upon execution of a notarial deed of transfer and its registration, ER transferred its 19,97% stake in Waha BV to CCI in consideration of a sum of USD 40,4 million paid by CCI. Resultantly, CCI became the sole owner of Waha B.V. with a 100,0% direct stake and of Al Waha by extension.

COCA-COLA İÇECEK ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Coca-Cola İçecek A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Coca-Cola İçecek A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

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. These matters were addressed in the context of our 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.

Key Audit Matter	How the matter was addressed in the audit
Impairment testing of goodwill and intangible assets with indefinite useful lives Group has expanded its operations in the previous years with business combinations. As a result of the business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 17% as of 31 December 2020 in the consolidated financial statements. The Group Management performs annual impairment testing of its cash generating units to which goodwill and its intangible assets with indefinite useful lives have been allocated in accordance with TFRS. The recoverable amount of cash generating units and intangible assets with indefinite lives are determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimations, such as, earnings before interest, tax, depreciation and amortization ("EBITDA"), weighted average of cost of capital and long-term growth rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements, thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosure including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2, 21 and 22.	The audit procedures applied including but not limited to the following are: • Assessing Group's process for the impairment testing of goodwill and intangible assets with indefinite useful lives and performing the design and implementation testing of the relevant controls, • Evaluating the appropriateness of cash generating units determined by Group management, • Review of the Group's budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Back testing forecasted cash flows for each cash generating unit with its historical financial performance, • Assessing the reasonableness of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long-term growth rates and discount rate by involvement of our internal valuation specialists, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Review the appropriateness of related disclosures regarding goodwill and intangible assets with indefinite useful lives in Note 2, 21 and 22.

Deloitte.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.)

- Obtain an understanding of 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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 24 February 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January - 31 December 2020 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat
Partner

İstanbul, 24 February 2021

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

Coca-Cola İçecek Anonim Şirketi

Coca-Cola İçecek Anonim Şirketi

Consolidated Statement of Financial Position as at December 31, 2020

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

		Audited	
	Notes	**December 31, 2020**	December 31, 2019
ASSETS			
Cash and Cash Equivalents	**6**	**4.660.596**	2.822.808
Financial Investments	**7**	**23.164**	109.962
Trade Receivables		**1.034.748**	909.595
- Due from related parties	*38*	*296.085*	*209.794*
- Other trade receivables from third parties	*11*	*738.663*	*699.801*
Other Receivables	**12**	**33.876**	27.055
- Other receivables from third parties		*33.876*	*27.055*
Derivative Financial Instruments	**8**	**36.216**	2.759
Inventories	**15**	**1.041.025**	871.565
Prepaid Expenses	**13**	**303.213**	230.971
Current Income Tax Assets		**248.651**	207.536
Other Current Assets	**28**	**282.287**	282.676
- Other current assets from third parties		*282.287*	*282.676*
Total Current Assets		**7.663.776**	5.464.927
Other Receivables		**47.230**	38.512
- Other receivables from third parties		*47.230*	*38.512*
Property, Plant and Equipment	**20**	**7.343.668**	6.899.240
Intangible Assets		**3.447.193**	3.018.243
- Goodwill	*22*	*983.477*	*843.828*
- Other intangible assets	*21*	*2.463.716*	*2.174.415*
Right of Use Asset	**20**	**193.812**	194.371
Prepaid Expenses	**13**	**261.621**	243.400
Deferred Tax Assets	**36**	**183.335**	101.062
Derivative Financial Instruments	**8**	**6.696**	-
Total Non-Current Assets		**11.483.555**	10.494.828
Total Assets		**19.147.331**	15.959.755

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Financial Position as at December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Audited	
	Notes	**December 31, 2020**	December 31, 2019
LIABILITIES			
Short-term Borrowings	**9**	**985.021**	447.244
- Bank borrowings		*984.451*	*445.370*
- Finance lease payables		*570*	*1.874*
Current Portion of Long-term Borrowings	**9**	**314.706**	1.045.955
- Bank borrowings		*258.507*	*996.305*
- Finance lease payables		*56.199*	*49.650*
Trade Payables		**1.837.208**	1.481.248
- Due to related parties	*38*	*479.707*	*437.117*
- Other trade payables to third parties	*11*	*1.357.501*	*1.044.131*
Payables Related to Employee Benefits	**26**	**50.009**	44.548
Other Payables	**12**	**518.142**	373.311
- Other payables to third parties		*518.142*	*373.311*
Derivative Financial Instruments	**8**	**58.166**	3.704
Provision for Corporate Tax		**62.430**	20.229
Current Provisions	**26**	**78.702**	58.512
- Current provisions for employee benefits		*78.702*	*58.512*
Other Current Liabilities	**28**	**418.125**	61.349
Total Current Liabilities		**4.322.509**	3.536.100
Long-term Borrowings	**9**	**4.860.685**	3.998.243
- Bank borrowings		*4.681.884*	*3.825.175*
- Lease payables		*178.801*	*172.592*
- Finance lease payables		*-*	*476*
Trade Payables		**49.475**	66.233
- Due to related parties	*38*	*46.722*	*61.059*
- Other trade payables to third parties		*2.753*	*5.174*
Non-Current Provisions	**26**	**146.826**	118.421
- Non-current provisions for employee benefits		*146.826*	*118.421*
Deferred Tax Liability	**36**	**813.961**	662.205
Other Non-Current Liabilities	**28**	**3.814**	209.204
Derivative Financial Instruments	**8**	**213.420**	-
Total Non-Current Liabilities		**6.088.181**	5.054.306
Equity Attributable To Equity Holders' of the Parent		**7.662.411**	6.515.034
Share Capital	**29**	**254.371**	254.371
Share Capital Adjustment Differences		**(8.559)**	(8.559)
Share Premium		**214.241**	214.241
Non-Controlling Interest Put Option Valuation Fund		**(4.748)**	(4.748)
Other comprehensive income items not to be reclassified to profit or loss		**(24.739)**	(17.763)
- Actuarial gains / losses		*(34.521)*	*(27.545)*
- Other valuation funds		*9.782*	*9.782*
Other comprehensive income items to be reclassified to profit or loss		**3.435.916**	3.275.125
- Currency translation adjustment		*4.370.130*	*3.699.139*
- Hedge reserve gains / (losses)		*(934.214)*	*(424.014)*
Restricted Reserves	**29**	**206.683**	184.044
Accumulated Profit		**2.356.575**	1.652.554
Net Income for the Year		**1.232.671**	965.769
Non-Controlling Interest		**1.074.230**	854.315
Total Equity		**8.736.641**	7.369.349
Total Liabilities		**19.147.331**	15.959.755

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Profit or Loss for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Audited	
	Notes	**January 1 – December 31, 2020**	January 1 - December 31, 2019 (Restated Note 2)
Net Revenue	30	14.391.013	12.007.762
Cost of Sales (-)	30	(9.318.818)	(7.826.810)
Gross Profit		**5.072.195**	**4.180.952**
General and Administration Expenses (-)	31	(663.230)	(526.483)
Distribution, Selling and Marketing Expenses (-)	31	(2.213.241)	(2.053.436)
Other Operating Income	33	250.857	127.521
Other Operating Expense (-)	33	(303.451)	(211.233)
Profit From Operations		**2.143.130**	**1.517.321**
Gain from Investing Activities	33	16.863	14.384
Loss from Investing Activities (-)	33	(101.394)	(11.375)
Gain / (Loss) from Joint Ventures	18	(3.357)	(361)
Profit Before Financial Income / (Expense)		**2.055.242**	**1.519.969**
Financial Income / (Expense)	34	**(289.092)**	**(334.872)**
Financial Income		1.055.532	436.146
Financial Expenses (-)		(1.344.624)	(771.018)
Profit Before Tax from Continuing Operations		**1.766.150**	**1.185.097**
Tax Expense of Continuing Operations		**(447.980)**	**(245.857)**
Deferred Tax Income / Expense (-)	*36*	*(49.688)*	(3.988)
Current Period Tax Expense (-)	*36*	*(398.292)*	(241.869)
Net Profit from Continuing Operations		**1.318.170**	**939.240**
Net (Loss) / Profit from Discontinued Operations	**35**	**(3.964)**	**3.006**
Attributable to:			
Non-controlling interest		81.535	(23.523)
Equity holders of the parent	**37**	1.232.671	965.769
Net Profit / (Loss)		**1.314.206**	**942.246**
Equity Holders Earnings Per Share (full TL)	37	0,048459	0,037967
Equity Holders Earnings Per Share from Continuing Operations (full TL)	37	0,048615	0,037849
Equity Holders Earnings Per Share from Discontinuing Operations (full TL)	37	(0,000156)	0,000118

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Other Comprehensive Income for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Audited	
	January 1 – December 31, 2020	January 1 - December 31, 2019 (Restated Note 2)
Profit for the year	**1.314.206**	942.246
Actuarial Gain / (Losses)	**(8.554)**	(9.764)
Deferred Tax Effect	**1.578**	2.248
Other comprehensive income items, not to be reclassified to profit or loss	**(6.976)**	(7.516)
Hedge reserve	**(618.508)**	(357.769)
Deferred tax effect	**108.308**	78.739
Currency translation adjustment	**842.375**	589.717
Other comprehensive income items to be reclassified to profit or loss (net)	**332.175**	310.687
Total of Other Comprehensive Income After Tax	**1.639.405**	1.245.417
Attributable to:		
Non-controlling interest	**252.919**	28.769
Equity holders of the parent	**1.386.486**	1.216.648

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Change in Equity for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

					Other comprehensive income and expense items									
					Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Consolidated Statement of Changes in Shareholders' Equity	**Share Capital**	**Share Capital Adjustment Differences**	**Share Premium**	**Non-Controlling Interest Put Option Valuation Fund**	**Other Valuation Funds**	**Actuarial Gains / Losses**	**Hedge Reserve**	**Currency Translation Adjustment**	**Restricted Reserves Allocated from Net Profit**	**Accumulated Profit / Loss**	**Net Income**	**Total Equity of the Parent**	**Non-Controlling Interest**	**Total Equity**
January 1, 2019 Reported	254.371	(8.559)	214.241	(4.748)	9.782	(20.029)	(144.984)	3.161.714	155.300	1.660.270	321.186	5.598.544	825.546	6.424.090
Other comprehensive income/(loss)	-	-	-	-	-	(7.516)	(279.030)	537.425	-	321.186	(321.186)	250.879	52.292	303.171
Net profit / (loss) for the year	-	-	-	-	-	-	-	-	-	-	965.769	965.769	(23.523)	942.246
Total Comprehensive Income / (loss)	-	-	-	-	-	(7.516)	(279.030)	537.425	-	321.186	644.583	1.216.648	28.769	1.245.417
Dividend paid	-	-	-	-	-	-	-	-	-	(300.158)	-	(300.158)	-	(300.158)
Transfers	-	-	-	-	-	-	-	-	28.744	(28.744)	-	-	-	-
December 31, 2019	254.371	(8.559)	214.241	(4.748)	9.782	(27.545)	(424.014)	3.699.139	184.044	1.652.554	965.769	6.515.034	854.315	7.369.349
January 1, 2020 Reported	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(27.545)**	**(424.014)**	**3.699.139**	**184.044**	**1.652.554**	**965.769**	**6.515.034**	**854.315**	**7.369.349**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**(6.976)**	**(510.200)**	**670.991**	**-**	**965.769**	**(965.769)**	**153.815**	**171.384**	**325.199**
Net profit / (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.232.671**	**1.232.671**	**81.535**	**1.314.206**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**-**	**(6.976)**	**(510.200)**	**670.991**	**-**	**965.769**	**266.902**	**1.386.486**	**252.919**	**1.639.405**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(239.109)**	**-**	**(239.109)**	**(33.004)**	**(272.113)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22.639**	**(22.639)**	**-**	**-**	**-**	**-**
December 31, 2020	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(34.521)**	**(934.214)**	**4.370.130**	**206.683**	**2.356.575**	**1.232.671**	**7.662.411**	**1.074.230**	**8.736.641**

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Cash Flows for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited January 1, December 31, 2020	January 1, December 31, 2019
Profit / (Loss) from Continuing Operations		**1.318.170**	**939.240**
Profit / (Loss) from Discontinued Operations	35	**(3.964)**	**3.006**
Adjustments to reconcile net profit / (loss)		**1.929.962**	**1.402.182**
Adjustments for depreciation and amortization	32	**918.368**	**694.586**
Adjustments for impairment loss (reversal)		**51.330**	**21.911**
- *Provision / (reversal) for doubtful receivable*	11	*36.858*	*12.354*
- *Provision / (reversal) for inventories*	15	*(3.606)*	*3.633*
- *Impairment loss / (reversal) in property, plant and equipment*	20, 33	*18.078*	*5.924*
Adjustments for provisions		**132.956**	**112.576**
- *Provision / (reversal) for employee benefits*	26	*132.956*	*112.576*
Adjustments for interest (income) expenses	34	**202.119**	**155.507**
- *Interest income*		*(149.394)*	*(146.134)*
- *Interest expense*		*351.513*	*301.641*
Adjustments for fair value loss (gain)		**101.608**	***(16.853)***
Adjustments for fair value of derivative instruments		*46.167*	*(2.469)*
Other adjustments for fair value loss (gain)	33	*55.441*	*(14.384)*
Unrealized foreign exchange (gain) / loss		**41.390**	**166.301**
Gain from joint ventures	18	**3.357**	**361**
Income tax expense		**447.980**	**246.681**
(Gain) / loss on sale of property, plant and equipment	33	**11.012**	**5.451**
Interest expense of lease payables	34	**19.842**	**15.661**
Change in working capital		**125.716**	**27.800**
Adjustments for decrease (increase) in trade accounts receivable		**(162.011)**	**(171.270)**
- *Increase / (decrease) on trade receivables due from related parties*		*(86.290)*	*(83.149)*
- *Increase / (decrease) on trade receivables due from third parties*		*(75.721)*	*(88.121)*
Change in inventories		**(176.023)**	**(71.246)**
Adjustments for increase (decrease) in trade accounts payable		**315.105**	**185.109**
- *Increase / (decrease) on trade payables due to related parties*		*28.253*	*55.849*
- *Increase / (decrease) on trade payables due to third parties*		*286.852*	*129.260*
Adjustments for increase (decrease) in other payable		**148.645**	**85.207**
Cash flows from operating activities:		**3.369.884**	**2.372.228**
Payments made for employee benefits	26	*(112.299)*	*(84.540)*
Tax returns / (payments)		*(338.287)*	*(274.237)*
Change in other working capital		*(13.552)*	*18.705*
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**2.905.746**	**2.032.156**
Cash outflows arising from purchase of property, plant, equipment and intangible assets		**(666.144)**	**(765.987)**
- *Purchase of property, plant and equipment*	20	*(592.425)*	*(641.709)*
- *Purchase of intangibles*	21	*(73.719)*	*(124.278)*
Proceeds from sale of property, plant and equipment and intangibles		**23.398**	**25.035**
Change in other investing activities		**86.798**	**(88.799)**
B. NET CASH USED IN INVESTING ACTIVITIES		**(555.948)**	**(829.751)**
Cash inflow/outflow due to lease liabilities		**(59.168)**	**(31.698)**
Proceeds from borrowings	9	**2.612.986**	**1.289.319**
Repayments of borrowings	9	**(3.011.249)**	**(1.474.225)**
Cash inflow/outflow due to derivative instruments		**20.976**	**(153.504)**
Interest paid	9	**(342.939)**	**(299.219)**
Interest received		**149.394**	**146.134**
Dividend paid	29	**(272.113)**	**(300.158)**
C. NET CASH USED IN FINANCING ACTIVITIES		**(902.113)**	**(823.351)**
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**1.447.685**	**379.054**
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**390.103**	**154.020**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**1.837.788**	**533.074**
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**2.822.808**	**2.289.734**
CASH AND CASH EQUIVALENTS AT YEAR END (A+B+C+D+E)	6	**4.660.596**	**2.822.808**

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

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES

General

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

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

The interim condensed consolidated financial statements of the Group were approved for issue by the Board of Directors on February 24, 2021, which were signed by the Audit Committee and Chief Executive Officer Burak Başarır. The General Assembly and the regulatory bodies have the right to make amendments to the interim condensed consolidated financial statements after their issuance.

Shareholders of the Group

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

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

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

Nature of Activities of the Group

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

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

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

According to the Sales and Distribution Agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("Doğadan"), a subsidiary of TCCC, it's approved that sales and distribution of Doğadan products will be realized by CCSD throughout Turkey starting from September 2008. An agreement has been reached between TCCC and CCI to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, our Company's sales and distribution activities of Doğadan brand in Turkey has terminated as of April 30, 2020 (Note 35).

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

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

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

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

Subsidiaries and Joint Ventures

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

Subsidiaries

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

(*) CCBPL is fully consolidated since 1 January 2013 in accordance with TFRS, due to amendments made on CCBPL's Shareholders' Agreement for transferring the control of CCBPL to CCI.
(**) The Group decided to change the trade name of (CC) Company for Beverages Industry Limited as Sardkar for Beverage Industry Ltd. ("SBIL") and new trade name was registered as of October 16, 2018.

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

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

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

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

Average Number of Employees

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

	December 31, 2020	December 31, 2019
Blue-collar	**3.179**	3.311
White-collar	**4.766**	4.910
Average number of employees	**7.945**	8.221

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

Basis of Preparation

Statement of Compliance of TFRS

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

In addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

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

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

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Comparative information and restatement of prior year

Company's sales and distribution activities of Doğadan brand in Turkey has been terminated as of April 30, 2020. Accordingly, our Company's sales and distribution activities of Doğadan brand in Kazakhstan and Azerbaijan has been terminated as of the end of July 2020 (Note 35).

For the year ended December 31, 2020, details of statement of profit and loss from discontinued operations are as follows;

Statement of Profit or Loss

	December 31, 2020	December 31, 2019
Net revenue	60.618	237.248
Cost of sales	(63.274)	(211.600)
Selling, distribution and marketing expenses	(1.054)	(21.818)
Profit / (loss) before tax from discontinuing operations	**(3.710)**	3.830
Taxation on income-current year	(254)	(824)
Net income after tax from discontinuing operations	**(3.964)**	3.006

As of December 31, 2019, the Group, accounts tax amount for net investment hedge on current year tax. As December 31, 2020, the Group reclassed tax amount for net investment hedge from current year tax to deferred tax income. In this context, the amount in December 31, 2019 reclassed for the aim of comparable presentation with current year consolidated financial statements (TL 38,3 million).

Impact of COVID-19 Outbreak on Group's Operations

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID 19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure of some sales channels in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize capital expenditures and increase in inventory and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group's operations.

Group management has evaluated the potential effects of Covid-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of December 31, 2020. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and has not recognized any impairment loss as of December 31, 2020.

Risk management policies, level and nature of risks arising from Group's financial instruments are presented separately in Note 39 Nature and Level of Risks Arising from Financial Instruments.

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2020

Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions*
Amendments to Conceptual Framework	*Amendments to References to the Conceptual Framework in TFRSs*

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. There were no COVID-19-related rent concessions of the Group.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

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

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

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018 - 2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 9, TAS, 39, TFRS 7, TFRS 4 and TFRS 16	*Interest Rate Benchmark Reform – Phase 2*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

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

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

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Functional and Presentation Currency

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

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

Functional Currencies of the Subsidiaries and Joint Ventures

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

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on December 31, 2020, USD 1,00 (full) = TL 7,3405 (December 31, 2019; USD 1,00 (full) = TL 5,9402). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period is USD 1,00 (full) = TL 7,0034 (January 1 - December 31, 2019; USD 1,00 (full) = TL 5,6712).

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Estimates, Assumptions and Judgements Used

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are as follows:

a) The Group has made significant assumptions over the useful life of buildings, machinery and equipment based on the expertise of the technical departments (Note 20).

b) The Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use (Note 20 and Note 21).

c) The Group performs impairment test for bottling rights with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2020, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis. During these 10 years period calculations, estimated free cash flow before tax from financial budgets that were approved by board of directors are used for 3-year period. Estimated free cash flows before tax after 3-year period for the remaining 7 years are calculated by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product per capita and consumer price indices were derived from external sources. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units (Note 21 and Note 22). For the impairment test, below assumptions were used for the year-end December 31, 2020;

	Perpetuity Growth Rate	Weighted Average Cost of Capital
Almaty CC	11,35%	12,91%
Azerbaijan CC	6,69%	10,61%
Turkmenistan CC	15,07%	24,80%
Bishkek CC	9,17%	13,41%
TCCBCJ	4,72%	9,51%
CCBPL	10,76%	16,41%
SBIL	5,00%	11,55%
Al Waha	5,00%	11,55%
Tacikistan CC	13,48%	15,87%

d) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses.

e) The Group has made significant assumptions over the useful life of spare parts for machinery and equipment based on the expertise of the technical departments (Note 20). Group has made an estimation change in useful life assumption in 2020 and decreased the 20 years useful life assumption to 10 years. Impact of this assumption change was explained in Note 20.

f) Expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years (Note 11).

g) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 26).

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Basis of Consolidation and Interests in Joint Ventures

The consolidated financial statements comprise the financial statements of the parent company, CCI, its subsidiaries and joint ventures prepared as for the year ended December 31, 2020. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The consolidated financial statements cover CCI and the subsidiaries it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and consolidated income statement.

TFRS 11 "Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard defines joint control with a realistic view, which is the contractually agreed sharing of control of an arrangement. There are two types of joint arrangements: joint operations and joint ventures. Among other changes introduced, under this new standard, proportionate consolidation is not permitted for joint ventures. With this amendment, joint ventures were accounted for under the equity method of accounting at the consolidated financial statements, starting from January 1, 2013. Investment in joint ventures accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint ventures, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity of less than 3 months and cheques dated on or before the relevant period end which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial assets classification and measurement

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

a) Financial assets carried at amortized cost; Assets that are held for collection of contractual cash flows where cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded, and which are not derivate 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. 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 (Note 11).

b) 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. 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.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Derivative financial instruments

The Group engages in commodity swap and option transactions to hedge price risk arising from fluctuations in the prices of required commodity for final production. Some of the derivative transactions are determined as hedge instruments and hedge accounting is applied.

Hedge accounting

For hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges the change in the fair value of a hedging instrument is recognized in the consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement as part of finance income and costs.

For cash flow hedges the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and costs.

Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecasted purchase occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the statement of consolidated income when a sale occurs.

The Group has made aluminum swap and aluminum swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminum price volatility and designates these aluminum swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item (Note 8, 39, 40).

The Group has made sugar swap contracts in order to offset the possible losses that may arise from anticipated purchases of sugar which are subject to sugar price volatility and designates these sugar swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item (Note 8, 39, 40).

The Group engages in cross currency swap and option transactions to hedge long term exchange rate exposure.

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. After initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the statement of consolidated income as part of finance income and costs.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Trade Receivables

Trade receivables, which generally have payment terms of 15 - 65 days, are recognized at original invoice amount less expected credit loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value reflected to comprehensive income, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime expected credit loss of the related financial assets.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Related Parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) Parties are considered related to the Group if;
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

Inventories are valued at the lower of cost or net realizable value, less provision for obsolete and slow-moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes all costs incurred in bringing the product to its present location and condition, and is determined primarily based on weighted average cost method.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and Leasehold Improvements	5 - 49 years
Machinery and Equipment	6 - 20 years
Furniture and Fixtures	5 - 10 years
Vehicles	5 - 10 years
Other Tangible Assets	5 - 12 years

Useful life of leasehold improvements is determined according to contract based lease period. Useful life of the investment is equal to the contract based remaining lease period of the leased asset.

Repair and maintenance costs for tangible assets are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. All other costs are charged to the statements of income during the financial year in which they are incurred. All costs incurred for the construction of property, plant and equipment are capitalized and are not depreciated until the asset is ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use. Value in use is assessed by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset. If the related asset is not a unit that generates cash inflows by itself, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The increase in the carrying value of property, plant and equipment because of the impairment reversal is recognized in the income statement, by considering not to exceed the book value amount if the impairment losses were not reflected to financial statements in prior years (net book value after depreciation).

Intangible Assets

Intangible assets acquired separately are measured at initial acquisition cost. The cost of an intangible asset acquired in a business combination is recognized at fair value, if its fair value can be reliably measured. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives, except Bottlers and Distribution Agreements.

In the scope of consolidation, intangible assets identified during the acquisition and in the fair value financial statements of subsidiaries and joint venture which are operating in foreign countries, represent the "Bottlers and Distribution Agreements" that are signed with TCCC. Taking into consideration TCCC's ownership in the Group, contribution to development of long term strategic plans and business processes, and its working principles with other bottlers the Group management believes that no time constraint is required for bottling and distribution agreements as they will be extended without additional cost after expiration date. The intangible assets relating to the Bottlers and Distribution Agreements are therefore not amortized. Such intangible assets which are not amortized are annually reviewed for impairment or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Water sources usage rights are amortized on a straight-line basis over their useful lives, which are between 9 and 40 years.

Other rights are amortized on a straight-line basis over their 2-15 years estimated useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Business Combinations and Goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at TFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the acquired business, at the date of acquisition. Group do not amortize goodwill arising from the business combinations and annually review for impairment.

Any goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities are treated as assets and liabilities of the acquired foreign operation. Therefore, these assets and liabilities are translated at the closing rate from their presentation currencies.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c)A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

Trade Payables

Trade payables which generally have 7 - 30-day terms are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, when they are billed to the Group.

Employee Benefits

Turkish Entities:

(a) Defined Benefit Plans

The reserve for employee termination benefits is provided for in accordance with TAS 19 "Employee Benefits" and is based on actuarial study. In the consolidated financial statements, the Group has reflected a liability calculated using the "Projected Unit Credit Method". According to the valuations made by qualified actuaries, all actuarial gains and losses are recognized in the income statement.

The employee termination benefits are discounted to the present value of the estimated future cash outflows using government bonds' rate of return on the balance sheet date.

The gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income. Actuarial assumptions used to determine net periodic pension costs are as follows as of balance sheet dates:

	December 31, 2020	December 31, 2019
Discount rate	**12,8%**	11,7%
Inflation	**9,5%**	7,9%
Rate of compensation increase	**9,5%**	7,9%

(b) Defined Contribution Plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. For the year ended December 31, 2020, contributions paid by the Group to the Social Security Institution of Turkey is amounting to TL 57.190 (December 31, 2019 - TL 45.763) (Note 31).

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Foreign Subsidiaries

Subsidiaries and joint ventures in foreign countries pay contributions according to each country's local regulations and these payments are expensed as incurred. Both employee and employer make payments as social security contribution calculated on employee salary and these contributions reflected to employee expense when they accrued.

	Employee contribution rate	Employer contribution rate
Almaty CC	10%	9,5%
Azerbaijan CC	10%	15%
Bishkek CC	10%	17,25%
Turkmenistan CC	-	20%
Tajikistan CC	1%	25%
TCCBCJ	7,5%	14,25%
SBIL	5%	12%
Al Waha	5%	12%
CCBPL	1% (on minimum wage)	5% (on minimum wage)

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 *"Employee Benefits"* using actuarial works. Employee is eligible for gratuity after completing 3 years with the Group and can take his accrued gratuity amount at the time of separation from the Group or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements but only disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Revenue Recognition

Revenue

The Group recognizes revenue in accordance with the standard which is TFRS 15 "Revenue from Contracts With Customers" based five-step model set out below:

- Identifying contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group accounts for a contract with its customer as revenue if all the conditions of the term are met:

- The parties to the contract have approved the contract (in writing, verbally or in accordance with other commercial practices) and are committed to fulfilling their own performance obligations.
- The rights of each party related to the goods or services to be transferred can be defined.
- Payment terms for goods or services to be transferred can be defined
- The contract is inherently commercial in nature and it is probable that the Group will collect a price for goods or services to be transferred to the customer. While evaluating whether a price is likely to be collected, the Group takes into account only the customer's ability to pay this price on due date and its intention.

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation, it is determined at the beginning of the contract whether the performance obligation will be carried out over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfils its performance obligations regarding the related sales over time, it measures the progress towards the fulfilment of the performance obligations in question and takes the revenue to the financial statements.

When the Group fulfils its performance obligation by transferring a committed good or service to its customer, it records the transaction value corresponding to this performance obligation in its financial statements. When the control of the goods or services takes over (or passes) to the customers, the goods or services are transferred.

In the beginning of the contract, the Group does not make any adjustments for the effect of an material financing component in the promised price if the period between the transfer date of the goods and services promised to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, if there is a material financing element in revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Interest Income

Interest income from financial assets is recorded as long as it is possible for the Group to obtain economic benefits and measure the income reliably. Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows from the related financial asset to the book value of that asset.

Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Foreign Currency Transactions

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying the exchange rate between the functional currency and the foreign currency on the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized in the income statement in the period in which they arise.

Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period to the weighted average number of ordinary shares outstanding during the reporting periods. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources. The Group has no diluted instruments.

Subsequent Events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements and footnotes. Post period-end events that are not adjusting events are disclosed in the notes when material.

Government incentives and grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all the required conditions. Government grants related to costs are accounted as income on a consistent basis over the related periods with the matching costs. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3. BUSINESS COMBINATIONS

None (December 31, 2019 - None).

4. INTERESTS IN JOINT VENTURES

None (December 31, 2019 - None).

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

5. SEGMENT REPORTING

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

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

	December 31, 2020			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	6.188.378	8.203.944	(1.309)	14.391.013
Cost of sales (-)	(3.758.898)	(5.562.814)	2.894	(9.318.818)
Gross profit	**2.429.480**	**2.641.130**	**1.585**	**5.072.195**
Operating expenses (-)	(1.653.206)	(1.317.383)	94.118	(2.876.471)
Other operating income / (expense), net	636.736	(46.237)	(643.093)	(52.594)
Profit from operations	**1.413.010**	**1.277.510**	**(547.390)**	**2.143.130**
Gain from investing activities	3.220	16.818	(3.175)	16.863
Loss from investing activities (-)	(65.622)	(38.946)	3.174	(101.394)
Gain / (loss) from joint ventures	-	(3.357)	-	(3.357)
Profit before financial income / (expense)	**1.350.608**	**1.252.025**	**(547.391)**	**2.055.242**
Financial income	826.704	251.577	(22.749)	1.055.532
Financial expense (-)	(1.385.189)	(429.329)	469.894	(1.344.624)
Profit before tax	**792.123**	**1.074.273**	**(100.246)**	**1.766.150**
Tax income / (expense)	(100.768)	(247.950)	(99.262)	(447.980)
Net profit or (loss) from continuing operations	**691.355**	**826.323**	**(199.508)**	**1.318.170**
Net profit or (loss) from discontinued operations	**(4.978)**	**1.014**	**-**	**(3.964)**
Non-controlling interest	-	81.535	-	81.535
Equity holders of the parent	**686.377**	**745.802**	**(199.508)**	**1.232.671**
Purchase of property, plant, equipment and intangible asset	**299.040**	**367.104**	**-**	**666.144**
Amortization expense of right of use asset	44.338	22.397	-	66.735
Depreciation and amortization expenses	219.053	633.449	(869)	851.633
Other non-cash items	21.326	54.164	(170)	75.320
Earnings before interests, taxes, depreciation and amortization (EBITDA)	**1.697.727**	**1.987.520**	**(548.429)**	**3.136.818**

	December 31, 2020			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**8.889.598**	**10.457.071**	**(199.338)**	**19.147.331**
Total Liabilities	**6.444.842**	**4.051.742**	**(85.894)**	**10.410.690**

As of December 31, 2020, the portion of Almaty CC in the consolidated net revenue and total assets is 15% and 11% respectively.

As of December 31, 2020, the portion of CCBPL in the consolidated net revenue and total assets is 19% and 15% respectively.

As of December 31, 2019, the portion of Almaty CC in the consolidated net revenue and total assets is 15% and 10% respectively.

As of December 31, 2019, the portion of CCBPL in the consolidated net revenue and total assets is 19% and 15% respectively.

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

5. SEGMENT REPORTING (continued)

	December 31, 2019			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	5.523.823	6.487.545	(3.606)	12.007.762
Cost of sales (-)	(3.198.953)	(4.632.195)	4.338	(7.826.810)
Gross profit	2.324.870	1.855.350	732	4.180.952
Operating expenses (-)	(1.563.534)	(1.086.918)	70.533	(2.579.919)
Other operating income / (expense), net	406.092	(59.352)	(430.452)	(83.712)
Profit / (loss) from operations	1.167.428	709.080	(359.187)	1.517.321
Gain from investing activities	63.135	4.046	(52.797)	14.384
Loss from investing activities (-)	(55.578)	(8.594)	52.797	(11.375)
Gain / (loss) from joint ventures	-	(361)	-	(361)
Profit before financial income/(expense)	1.174.985	704.171	(359.187)	1.519.969
Financial income	411.689	44.039	(19.582)	436.146
Financial expense (-)	(780.902)	(183.853)	193.737	(771.018)
Profit before tax	805.772	564.357	(185.032)	1.185.097
Tax income / (expense)	(5.953)	(176.611)	(63.293)	(245.857)
Net profit or (loss) from continuing operations	799.819	387.746	(248.325)	939.240
Net profit or (loss) from discontinued operations	2.247	759	-	3.006
Non-controlling interest	-	(23.523)	-	(23.523)
Equity holders of the parent	802.066	412.028	(248.325)	965.769
Purchase of property, plant, equipment and intangible asset	294.563	471.424	-	765.987
Amortization expense of right of use asset	33.888	15.370	-	49.258
Depreciation and amortization expenses	191.826	454.381	(879)	645.328
Other non-cash items	30.348	37.737	(1.180)	66.905
Earnings before interests, taxes, depreciation and amortization (EBITDA)	1.423.490	1.216.568	(361.246)	2.278.812

	December 31, 2019			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	7.686.581	8.601.408	(328.234)	15.959.755
Total Liabilities	5.588.406	3.214.021	(212.021)	8.590.406

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

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

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

	December 31, 2020	December 31, 2019
Profit / (loss) from operations	**2.143.130**	1.517.321
Depreciation and amortization (Note 32)	**851.633**	645.328
Provision for employee benefits (Note 26)	**34.596**	39.822
Foreign exchange gain / (loss) under other operating income / (expense) (Note 33)	**40.724**	27.083
Amortization expense of Right of Use Asset	**66.735**	49.258
EBITDA	**3.136.818**	2.278.812

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

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	**2.561**	3.114
Cash in banks		
-Time	**3.949.785**	2.394.267
-Demand	**708.239**	413.445
Cheques	**11**	11.982
	4.660.596	2.822.808

As of December 31, 2020, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 2.727.652, existed for periods varying between 1 day to 68 days (December 31, 2019 - TL 1.548.077, 1 day to 73 days) and earned interest between 0,50% - 8,25% (December 31, 2019 - 0,10% - 11,25%).

As of December 31, 2020, time deposits in local currency amounting to TL 1.222.133 existed for periods between 4 days and 50 days (December 31, 2019 - TL 846.190, 2 days to 76 days) and earned interest between 15,50% - 19,0% (December 31, 2019 - ,7,60% - 14,10%).

As of December 31, 2020, there is TL 13.526 (December 31, 2019 - TL 10.303) of interest income accrual on time deposits with maturities less than 3 months. As of December 31, 2020, and 2019, the fair values of cash and cash equivalents are equal to book value.

7. FINANCIAL INVESTMENTS

	December 31, 2020	December 31, 2019
Time deposits with maturities more than 3 months	**23.164**	109.962
	23.164	109.962

As of December 31, 2020, time deposits with maturities over 3 months are composed of USD with 1 and 174 days' maturity and have 1,0% - 2,50% interest rates.

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2020, the Group has 8 aluminum swap transactions with a total nominal amount of TL 174.193 for 14.810 tones. The total of these aluminum swap contracts is designated as hedging instruments as of March 26, 2020, April 1, 2020, April 24, 2020, April 27, 2020 and May 1, 2020, in cash flow hedges related to forecasted cash flow for the high probability purchases of cans exposed to commodity price risk for the year 2021 and 2022.

As of December 31, 2019, the Group doesn't have any aluminum swap transactions.

As of December 31, 2020, the Group has 11 sugar swap transactions with a total nominal amount of TL 5.523 for 2.200 tones. The total of these sugar swap contracts is designated as hedging instruments as of March 12, 2020, March 16, 2020 and March 19, 2020, in cash flow hedges related to forecasted cash flow for the high probability purchases of sugar exposed to commodity price risk for the year 2021 and 2022.

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

As of December 31, 2020, the Group holds a derivative financial instrument of cross currency swap contract signed on February 11, 2020 with an amount of EUR 25,03 million and a maturity of January 13, 2021. The total swap value of this hedge transaction is TL 225.523.

As of December 31, 2019, the Group has no cross currency swap transactions.

As of December 31, 2019, the Group holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD 24 million, due December 1, 2020. Total option value of this hedge transaction is TL 2.557 and total nominal value is TL 142.565.

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TL 27.158, for a forward purchase contract amounting to CNY 31,9 million for 5.016. The total of these FX forward contracts are made for hedging the high probability purchases of resin, exposed to foreign currency risk.

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

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

As of December 31, 2019, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TL 106.910, for a forward purchase contract amounting USD 18 million. The total of these FX forward contracts are made for hedging the foreign exchange value of loan repayments exposed to foreign currency risk.

As of December 31, 2020, the Group has a cross currency swap contract with a total amount of USD 150 million due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. The Group has purchased option amounting to USD 150 million (nominal amount of TL 1.101 million)TL 27.158 for hedging the foreign exchange exposure with those two cross currency participation swaps.

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

	December 31, 2020		December 31, 2019	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**179.716**	**42.912**	4.545	202
Cross currency participation swaps assets/(liabilities)	**1.101.075**	**(213.420)**	-	-
Other derivative instruments				
Forward contracts assets / (liabilities)	**-**	**-**	134.068	(3.704)
Swap contracts assets/(liabilities)	**225.523**	**(58.166)**	-	-
Option contracts assets/(liabilities)	**-**	**-**	142.565	2.557
Derivative financial instruments (net)	**1.506.314**	**(228.674)**	281.178	(945)

9. BORROWINGS

	December 31, 2020	December 31, 2019
Short-term borrowings	**984.451**	445.370
Current portion of long-term borrowings and bond issued	**258.507**	996.305
Total short-term borrowings	**1.242.958**	1.441.675
Long-term borrowings and bond issued	**4.681.884**	3.825.175
Total borrowings	**5.924.842**	5.266.850

As of December 31, 2020, there is interest expense accrual amounting to TL 57.915 on total amount of borrowings (December 31, 2019 - TL 47.600).

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

	December 31, 2020		December 31, 2019	
	Short-term	**Long-term**	Short-term	Long-term
USD	**40.218**	**3.469.000**	761.108	2.798.620
EUR	**360.536**	**487.741**	476.045	456.555
TL	**535.903**	**570.000**	8.473	570.000
Pakistan Rupee	**252.485**	**28.248**	176.454	-
Kazakh Tenge	**49.476**	**126.895**	5.757	-
Jordanian Dinar	**-**	**-**	13.838	-
Azerbaijan Manat	**4.340**	**-**	-	-
	1.242.958	**4.681.884**	1.441.675	3.825.175

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

9. BORROWINGS (continued)

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

	December 31, 2020	December 31, 2019
Short-term		
USD denominated borrowings	**(3,00%)**	(3,85%) - (6M Libor + 2,50%)
EURO denominated borrowings	**(1,35%)**	(1,40%) - (3M Euribor + 2,75%)
Jordanian Dinar denominated borrowings	**-**	(7,50%)
Azerbaijan Manat	**(12,50%)**	-
Pakistan Rupee denominated borrowings	**(1M Kibor - 0,10%) - (1M Kibor + 0,30%)**	(1M Kibor - 0,10%) - (3M Kibor + 0,50%)
TL denominated borrowings	**(7,90%)- (10,20%)**	-
KZT denominated borrowings	**-**	(6,00%)
Long-term		
USD denominated borrowings	**(4,22%) - (6M Libor + 2,50%)**	(4,22%) - (6M Libor + 2,50%)
EUR denominated borrowings	**(6M Euribor + 1,60%) - (3M Euribor + 2,75%)**	(6M Euribor + 1,60%) - (3M Euribor + 2,75%)
KZT denominated borrowings	**(6,00%)**	-
Pakistan Rupee	**(1,80%)**	-
TL denominated borrowings	**(11,74%)**	(11,74%)

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

	December 31, 2020	December 31, 2019
2020	**-**	996.305
2021	**258.507**	97.144
2022	**248.079**	112.010
2023	**1.116.455**	837.410
2024 and after	**3.317.350**	2.778.611
	4.940.391	**4.821.480**

Net debt reconciliation

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

	December 31, 2020	December 31, 2019
Cash and cash equivalents	**4.660.596**	2.822.808
Borrowings – repayable within one year	**(1.242.958)**	(1.441.675)
Borrowings – repayable after one year	**(4.681.884)**	(3.825.175)
	(1.264.246)	(2.444.042)
Cash and cash equivalents	**4.660.596**	2.822.808
Borrowings – repayable within one year	**(5.044.123)**	(4.195.588)
Borrowings – repayable after one year	**(880.719)**	(1.071.262)
	(1.264.246)	(2.444.042)

	December 31, 2020	December 31, 2019
Financial borrowing at the beginning of the year	**5.266.850**	4.939.331
Proceeds from borrowings	*2.612.986*	*1.289.319*
Repayments of borrowings	*(3.011.249)*	*(1.474.225)*
Foreign exchange gain / (loss) from foreign currency denominated borrowings	*908.165*	*472.373*
Cash flows effect	**509.902**	287.467
Interest expense adjustment	371.355	*317.302*
Interest paid	*(342.939)*	*(299.219)*
Changes in interest accruals	**28.416**	18.083
Currency translation adjustment	119.674	21.969
Financial borrowing at the end of the year	**5.924.842**	5.266.850

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

9. BORROWINGS (continued)

Financial Lease Payables

As of December 31, 2020, net present value of assets under finance lease is amounting to TL 570 with following financial lease payables (December 31, 2019 – TL 2.350).

	December 31, 2020	December 31, 2019
Within 1 year	580	1.914
1 to 3 years	-	479
Minimum lease payable	**580**	2.393
Lease interest	(10)	(43)
Finance lease liability	**570**	2.350
Within 1 year	570	1.874
1 to 3 years	-	476
Net present value of finance lease payables	**570**	2.350

Lease Payables

As of December 31, 2020, net present value of liabilities under lease payables is amounting to TL 235.000. Movement of lease payables as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Balance as of January 1	**222.242**	160.820
Increase in lease payables	**47.760**	90.524
Payments during period	**(78.966)**	(47.262)
Interest expense of lease payables	**19.798**	15.564
Foreign exchange gain/(loss)	**24.166**	2.596
Balance at the end of the year	**235.000**	222.242

10. OTHER FINANCIAL LIABILITIES

None (December 31, 2019 - None).

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

11. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2020	December 31, 2019
Trade receivables	**830.382**	755.256
Cheques receivables	**17.882**	10.914
Less: Allowance for expected credit loss	**(109.601)**	(66.369)
	738.663	699.801

As of December 31, 2020, and 2019 allowance for expected credit loss movement is as following:

	December 31, 2020	December 31, 2019
Balance at January 1,	**66.369**	51.523
Current year provision	**40.401**	16.889
Reversals from provision	**(1.956)**	(1.934)
Write-offs from expected credit losses	**(1.587)**	(2.601)
Currency translation difference	**6.374**	2.492
	109.601	66.369

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables over 60 and/or 90 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As of December 31, 2020, and 2019 aging of receivables table is as following:

	Neither past due nor impaired	**Past due receivables (Days)**					
December 31, 2020		***<30***	***31-60***	***61-90***	***91-180***	***>180***	**Total**
Accounts receivable	**609.158**	**70.776**	**21.927**	**9.937**	**860**	**8.123**	**720.781**
Cheques receivables	**17.882**	**-**	**-**	**-**	**-**	**-**	**17.882**
	627.040	**70.776**	**21.927**	**9.937**	**860**	**8.123**	**738.663**
December 31, 2019							
Accounts receivable	600.367	59.596	7.686	6.478	3.726	11.034	688.887
Cheques receivables	10.914	-	-	-	-	-	10.914
	611.281	59.596	7.686	6.478	3.726	11.034	699.801

Trade Payables

	December 31, 2020	December 31, 2019
Suppliers	**1.357.501**	1.044.131
	1.357.501	1.044.131

Nature and level of risks arising from trade receivables and payables are disclosed under Note 39.

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

12. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	December 31, 2020	December 31, 2019
Due from personnel	**8.179**	10.133
Deposits and guarantees given	**3.053**	1.068
Receivable from tax office and other official receivables	**16.958**	14.675
Other	**5.686**	1.179
	33.876	27.055

Other Payables

	December 31, 2020	December 31, 2019
Deposits and guarantees	**337.667**	258.968
Taxes and duties payable	**164.790**	100.453
Other	**15.685**	13.890
	518.142	373.311

13. PREPAID EXPENSES

a) Short term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid marketing expenses	**122.643**	119.183
Prepaid insurance expenses	**16.066**	13.021
Prepaid rent expenses	**9.792**	6.797
Prepaid other expenses	**8.035**	15.401
Advances given	**146.677**	76.569
	303.213	230.971

b) Long term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid marketing expenses	**222.523**	210.425
Prepaid rent expenses	**20.435**	22.409
Prepaid other expenses	**2.339**	320
Advances given	**16.324**	10.246
	261.621	243.400

14. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2019 - None).

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

15. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	**360.379**	263.693
Raw materials	**517.897**	442.238
Packaging materials	**82.359**	66.392
Goods in transit	**62.095**	80.963
Other materials	**29.465**	30.204
Less: reserve for obsolescence (-)	**(11.170)**	(11.925)
	1.041.025	871.565

As of December 31, 2020, and 2019 reserve for obsolescence movement is as following, net loss recorded during year is TL 3.606 (December 31, 2019 net gain is amounting to TL 3.633).

	December 31, 2020	December 31, 2019
Balance at January 1,	**11.925**	8.050
Current year provision - reversal, net	**9.056**	7.065
Inventories written off	**(12.662)**	(3.432)
Currency translation difference	**2.851**	242
	11.170	11.925

16. BIOLOGICAL ASSETS

None (December 31, 2019 - None).

17. RECEIVABLE AND PAYABLE FROM CONSTRUCTION CONTRACTS

None (December 31, 2019 - None).

18. INVESTMENT IN JOINT VENTURES

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

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

SSDSD	**December 31, 2020**	December 31, 2019
Total Assets	**1.144**	1.380
Total Liabilities	**11.584**	9.317
Equity	**(10.440)**	(7.937)

SSDSD	**December 31, 2020**	December 31, 2019
Revenue	**-**	-
Net Loss	**(6.713)**	(722)
Group's share in loss	**(3.357)**	(361)

19. INVESTMENT PROPERTY

None (December 31, 2019 - None).

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

20. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Net book value at December 31, 2018	1.972.605	3.043.429	71.294	56.434	1.047.205	567	297.550	6.489.084
Additions	29.426	190.585	5.810	5.523	224.045	-	261.944	717.333
Disposals, net	(14.558)	(8.993)	(3.140)	4.569	(7.746)	-	-	(29.868)
Transfers	101.345	129.136	-	(2.423)	117.761	-	(421.443)	(75.624)
Provision and reverse for impairment	-	96	-	-	(6.020)	-	-	(5.924)
Currency translation adjustment	146.346	202.722	6.941	2.478	46.124	-	31.396	436.007
Depreciation charge for the current year	(63.059)	(244.730)	(13.489)	(15.346)	(295.071)	(73)	-	(631.768)
Net book value at December 31, 2019	2.172.105	3.312.245	67.416	51.235	1.126.298	494	169.447	6.899.240
Net book value at December 31, 2019	**2.172.105**	**3.312.245**	**67.416**	**51.235**	**1.126.298**	**494**	**169.447**	**6.899.240**
Additions	**2.392**	**161.349**	**5.492**	**2.523**	**226.128**	**-**	**194.541**	**592.425**
Disposals, net	**(2.324)**	**(18.155)**	**(173)**	**(996)**	**(12.762)**	**-**	**-**	**(34.410)**
Transfers	**47.541**	**(11.443)**	**185**	**4.299**	**104.782**	**-**	**(145.364)**	**-**
Provision and reverse for impairment	**(12.085)**	**10.763**	**(100)**	**(3.510)**	**(13.146)**	**-**	**-**	**(18.078)**
Currency translation adjustment	**196.754**	**366.545**	**9.643**	**3.945**	**93.447**	**-**	**65.556**	**735.890**
Depreciation charge for the current year	**(73.315)**	**(414.799)**	**(12.500)**	**(11.942)**	**(318.786)**	**(57)**	**-**	**(831.399)**
Net book value at December 31, 2020	**2.331.068**	**3.406.505**	**69.963**	**45.554**	**1.205.961**	**437**	**284.180**	**7.343.668**
At December 31, 2018								
Cost	1.577.964	3.725.161	138.637	125.960	2.729.397	12.335	(56.476)	8.252.978
Accumulated depreciation	(386.606)	(1.945.793)	(136.545)	(95.406)	(1.988.633)	(11.923)	-	(4.564.906)
Accumulated provision for impairment	(9.687)	(63.942)	(859)	16	(69.456)	-	-	(143.928)
Currency translation adjustment	990.434	1.596.819	66.183	20.665	454.990	82	225.923	3.355.096
Net book value at December 31, 2019	2.172.105	3.312.245	67.416	51.235	1.126.298	494	169.447	6.899.240
At December 31, 2019								
Cost	**1.625.573**	**3.856.912**	**144.141**	**131.786**	**3.047.545**	**12.335**	**(7.299)**	**8.810.993**
Accumulated depreciation	**(459.921)**	**(2.360.592)**	**(149.045)**	**(107.348)**	**(2.307.419)**	**(11.980)**	**-**	**(5.396.305)**
Accumulated provision for impairment	**(21.772)**	**(53.179)**	**(959)**	**(3.494)**	**(82.602)**	**-**	**-**	**(162.006)**
Currency translation adjustment	**1.187.188**	**1.963.364**	**75.826**	**24.610**	**548.437**	**82**	**291.479**	**4.090.986**
Net book value at December 31, 2020	**2.331.068**	**3.406.505**	**69.963**	**45.554**	**1.205.961**	**437**	**284.180**	**7.343.668**

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

20. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group has made significant assumptions over the useful life of spare parts for machinery and equipment based on the expertise of the technical departments. Group has made an estimation change in useful life assumption in 2020 and decreased the 20 years useful life assumption to 10 years. This estimation change does not require any retrospective application on the financial statements and effect on current period depreciation is approximately amounting to TL 121,5 million negatively.

Impairment Loss

As of December 31, 2020, the Group had provided impairment losses amounting to TL 18.078 (December 31, 2019 - TL 5.924) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for "Out of Use" tangible assets (Note 33).

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

Right of Use Asset

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

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

a) amount of the initial measurement of the lease liability;
b) any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

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

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

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

	December 31, 2019	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	December 31, 2020
Land and Buildings	109.230	14.627	(4.595)	18.034	(19.269)	118.027
Machinery and Equipment	8.361	30.533	(5.987)	268	(9.470)	23.705
Vehicles	73.339	11.575	(1.993)	1.485	(34.649)	49.757
Furniture and Fixtures	3.441	2.160	-	69	(3.347)	2.323
	194.371	**58.895**	**(12.575)**	**19.856**	**(66.735)**	**193.812**

	December 31, 2018	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	December 31, 2019
Land and Buildings	102.469	22.987	(3.531)	1.700	(14.395)	109.230
Machinery and Equipment	4.941	9.216	-	20	(5.816)	8.361
Vehicles	18.029	88.726	(7.910)	796	(26.302)	73.339
Furniture and Fixtures	5.923	203	-	60	(2.745)	3.441
	131.362	121.132	(11.441)	2.576	(49.258)	194.371

Coca-Cola İçecek Anonim Şirketi

Notes to Consolidated Financial Statements for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

21. INTANGIBLE ASSETS

	January 1, 2020	Additions/ (Amortization)	Disposals	Transfers	Currency translation adjustment	December 31, 2020
Cost						
Water sources usage right	33.660	-	-	-	-	**33.660**
Bottlers and distribution agreements	2.001.283	-	-	-	234.297	**2.235.580**
Construction in progress	60.186	67.744	-	(37.379)	-	**90.551**
Other Rights	188.697	5.975	(439)	37.379	3.594	**235.206**
Less: Accumulated amortization						
Water sources usage right	(33.660)	-	-	-	-	**(33.660)**
Other Rights	(75.751)	(20.234)	439	-	(2.075)	**(97.621)**
Net book value	**2.174.415**	**53.485**	**-**	**-**	**235.816**	**2.463.716**

	January 1, 2019	Additions/ (Amortization)	Disposals	Transfers	Currency translation adjustment	December 31, 2019
Cost						
Water sources usage right	33.660	-	-	-	-	33.660
Bottlers and distribution agreements	1.809.222	-	-	-	192.061	2.001.283
Construction in progress	-	40.821	-	19.365	-	60.186
Other Rights	121.412	7.833	(618)	56.259	3.811	188.697
Less: Accumulated amortization						
Water sources usage right	(33.660)	-	-	-	-	(33.660)
Other Rights	(61.199)	(13.560)	-	-	(992)	(75.751)
Net book value	1.869.435	35.094	(618)	75.624	194.880	2.174.415

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

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

22. GOODWILL

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

	January 1, 2020	**Currency Translation Difference**	**December 31, 2020**
Cost	**954.927**	**139.405**	**1.094.332**
Impairment reserve	**(111.099)**	**244**	**(110.855)**
Net book value	**843.828**	**139.649**	**983.477**

	January 1, 2019	Currency Translation Difference	December 31, 2019
Cost	918.077	36.850	954.927
Impairment reserve	(98.631)	(12.468)	(111.099)
Net book value	819.446	24.382	843.828

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

	Domestic	**International**	**Consolidated**
2020	**-**	**983.477**	**983.477**
2019	-	843.828	843.828

23. GOVERNMENT INCENTIVES

As of December 31, 2020, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir, Isparta, and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 293.938 (December 31, 2019, TL 259.308) with a total tax advantage of TL 89.705 (December 31, 2019, TL 72.855). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 3.708 (December 31, 2019, TL 3.149).

On September 3, 2020 the Coca Cola Almaty Bottlers (Company), opened a revolving credit line amounting 10.000.000 kKZT with an interest rate level of 15% per annum in SB Sberbank of Russia JSC. The Company signed the subsidy agreements with the Bank and Damu for each subsidizing tranche of loan. Part of the interest rate on the loan in the amount of 15% per annum is subject to subsidizing, while part of the interest rate in the amount of 9% per annum is paid by the DAMU, which is owned by Kazakhstan government, and the rest of the interest is paid by the Company, in accordance with the repayment schedule to the Subsidy Agreement.

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey

Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in 213 litigations arising in the ordinary course of business as of December 31, 2020 with an amount of TL 14.458 (December 31, 2019 – 214 litigations, TL 11.532). As of December 31, 2020, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status or liquidity.

Guarantee Letters

As of December 31, 2020, the aggregate amount of letter of guarantees provided to banks are TL 130.358 (December 31, 2019 - TL 124.208).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of December 31, 2020, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR 5.126 million, equivalent to USD 32,1 million (December 31, 2019 - PKR 1.478 million, equivalent to USD 9,5 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of December 31, 2020, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 25.847 (December 31, 2019 - TL 20.916) and TL 122.474 (December 31, 2019 - TL 102.295) respectively, for the credit lines obtained.

Letter of Credit

As of December 31, 2020, CCBPL obtained letter of credits amounting to EUR 0,7 million and USD 0,1 million. (December 31, 2019 - CCBPL EUR 1,1 million and CNY 31,9 million).

Guarantee Letters

As of December 31, 2020, total amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 9.442 (December 31, 2019 - TL 13.231).

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

	December 31, 2020					
	Total TL Equivalent	**Original TL Amount**	**Original USD in Thousands**	**Original EUR in Thousands**	**Original PKR in Thousands**	**Other Foreign Currency TL Equivalent**
A. Total guarantees and pledges given by the Group for its own corporation	**288.622**	**128.926**	**13**	**204**	**2.809.346**	**28.752**
B. Total guarantees and pledges given by the Group for its subsidiaries consolidated for using the full consolidation method	**834.571**	**-**	**4.600**	**53.579**	**3.034.853**	**178.802**
C. Total guarantees and pledges given by the Group for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Group for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Group for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Group for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	**1.123.193**	**128.926**	**4.613**	**53.783**	**5.844.199**	**207.554**
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

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

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

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve. The various legislation and regulations are not always clearly written, and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

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

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

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to USD 21,9 million) additional tax payment from CCBPL, by arguing that "Sales and Excise Tax" should be applied retrospectively by considering the period before the cancellation of "Capacity Tax" application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favorable (December 31, 2019 - PKR 3.505 million, equivalent to USD 22,6 million).

25. COMMITMENTS

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2020, CCBPL has USD 2,8 million sugar purchase commitment to the Banks until the end of June 2021 and has USD 0,8 million sugar purchase commitment to the Banks until the end of December 2021.

As of December 31, 2019, CCBPL has USD 84 million sugar purchase commitment to the Banks until the end of March 2020 and has USD 3,2 million sugar purchase commitment to the Banks until the end of June 2020.

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

26. EMPLOYEE BENEFITS

As of December 31, 2020, and 2019, payables related to employee benefits amounts to TL 50.009 and TL 44.548 respectively and are comprised of payables for wages and salaries, social security premiums and withholding taxes.

a) Short term employee benefits

	December 31, 2020	December 31, 2019
Management premium accrual	**18.633**	16.338
Vacation pay accrual	**12.254**	11.407
Wages and salaries	**47.815**	30.767
	78.702	58.512

As of December 31, 2020, and 2019, movements of the management premium accrual are as follows:

	December 31, 2020	December 31, 2019
Balance at January 1,	**16.338**	12.784
Payments made	**(86.916)**	(61.264)
Current year charge	**87.925**	64.642
Reversals made	**-**	(286)
Currency translation difference	**1.286**	462
	18.633	16.338

As of December 31, 2020, and 2019, movements of the vacation pay accrual are as follows:

	December 31, 2020	December 31, 2019
Balance at January 1,	**11.407**	10.788
Payments made	**(911)**	(1.149)
Reversals made	**(179)**	(563)
Current year charge	**1.186**	1.674
Currency translation difference	**751**	657
	12.254	11.407

b) Long term employee benefits

As of December 31, 2020, and 2019, details of long-term employee benefits are as follows:

	December 31, 2020	December 31, 2019
Employee termination benefits	**145.460**	116.249
Long term incentive plan accrual	**1.366**	2.172
	146.826	118.421

As of December 31, 2020, and 2019, the movements of long-term incentive plan provisions are as follows:

	December 31, 2020	December 31, 2019
Balance at January 1,	**2.172**	2.282
Payments	**(10.860)**	(8.164)
Current year charge	**10.435**	8.295
Currency translation difference	**(381)**	(241)
	1.366	2.172

Employee Termination Benefits

In accordance with the existing social legislation, the Group and its subsidiaries operating in Turkey are required to make lump-sum payments to employees who have completed at least one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated based on 30 days' pay and limited to a maximum of TL 7,12 as of December 31, 2020 (December 31, 2019 - TL 6,38) per year of employment at the rate of pay applicable on the date of retirement or termination.

Starting from January 1, 2021, retirement pay liability ceiling increased to TL 7,64.

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

26. EMPLOYEE BENEFITS (continued)

The movement of the defined benefit obligation recognized in the consolidated balance sheet is as follows:

	December 31, 2020	December 31, 2019
Balance at January 1,	**116.249**	80.266
Interest expense	**14.880**	4.696
Benefit payments	**(13.612)**	(13.963)
Current year service charge	**18.709**	34.118
Actuarial gain/(loss)	**7.888**	10.217
Currency translation adjustment	**1.346**	915
	145.460	116.249

In the scope of defined benefit plan, actuarial gains / (losses) under short term employee benefits and employee termination benefits were reflected to consolidated comprehensive income statement as of December 31, 2020, and 2019 with an amount of TL 6.976 and TL 7.516 loss respectively.

27. POST-RETIREMENT BENEFIT PLANS

None (December 31, 2019 - None).

28. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	December 31, 2020	December 31, 2019
VAT receivables	**250.655**	268.873
Other	**31.632**	13.803
	282.287	282.676

b) Other Current Liabilities

	December 31, 2020	December 31, 2019
Advance received	**69.224**	31.418
Put option of share from non-controlling interest	**331.285**	14.019
Other	**17.616**	15.912
	418.125	61.349

The obligation of TL 17.324 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities (December 31, 2019-TL 14.019).

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V (December 31, 2019 19,97%). This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 313.961 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2019-TL 209.204).

c) Other Non-Current Liabilities

	December 31, 2020	December 31, 2019
Put option of share from non-controlling interest	**-**	209.204
Other	**3.814**	-
	3.814	209.204

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

29. EQUITY

Share Capital

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

Legal reserves

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

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

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

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

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

	December 31, 2020			December 31, 2019		
	Historical Amount	**Inflation Restatement Differences**	**Restated Amount**	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	**254.371**	**(8.559)**	**245.812**	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	**193.287**	**13.396**	**206.683**	170.648	13.396	184.044
Extraordinary Reserves	**252.776**	**9.551**	**262.327**	237.394	9.551	246.945

Dividends

In 2019, the Group recorded a net income of TL 965.769 in the consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standard. The Board of Directors' proposal on distribution of profits for 2019, dated March 3, 2020 and numbered 11, was rejected due to the mandatory provision of Article 12 of Law on Mitigating of Effects of Coronavirus (COVID-19) Outbreak on Economic and Social Life and the Law on Amendment of Certain Laws (the Law), dated April 17, 2020 and numbered 7244.

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

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

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

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

30. CONTINUING OPERATIONS

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

a) Net Revenue	December 31, 2020	December 31, 2019
Gross sales	**23.855.692**	20.868.839
Sales discounts	**(7.928.954)**	(7.797.047)
Other discounts	**(1.535.725)**	(1.064.030)
	14.391.013	12.007.762

b) Cost of Sales	December 31, 2020	December 31, 2019
Raw material cost	**7.828.262**	6.651.759
Depreciation and amortization	**530.364**	346.518
Personnel expenses	**384.815**	335.791
Other expenses	**575.377**	492.742
	9.318.818	7.826.810

31. OPERATING EXPENSES

a) General administrative expenses	December 31, 2020	December 31, 2019
Personnel expenses	**378.951**	302.608
Depreciation on property, plant and equipment	**51.623**	41.416
Consulting and legal fees	**39.272**	30.832
Utilities and communication expenses	**17.290**	10.828
Provision for doubtful receivables (Note 11)	**40.401**	16.889
Repair and maintenance expenses	**3.386**	4.011
Rent expense	**8.982**	9.045
Other	**123.325**	110.854
	663.230	526.483

b) Selling, distribution and marketing expenses	December 31, 2020	December 31, 2019
Marketing and advertising expenses	**594.770**	584.945
Personnel expenses	**532.568**	463.479
Transportation expenses	**552.208**	488.572
Depreciation on property, plant and equipment	**314.204**	279.577
Maintenance expenses	**57.052**	54.117
Utilities and communication expenses	**34.597**	38.927
Rent expenses	**7.061**	8.041
Other	**120.781**	135.778
	2.213.241	2.053.436

32. EXPENSES BY NATURE

a) Depreciation and amortization expenses	December 31, 2020	December 31, 2019
Property, plant and equipment		
Cost of sales	**525.638**	344.302
Selling, distribution, marketing and general administrative expenses	**283.584**	260.391
Inventory	**4.494**	3.816
Other operating expense	**17.683**	23.259
Intangible assets		
Cost of sales	**140**	96
Selling, distribution, marketing and general administrative expenses	**20.094**	13.464
Right of Use Asset		
Cost of sales	**4.586**	2.120
Selling, distribution, marketing and general administrative expenses	**62.149**	47.138
	918.368	694.586

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

32. EXPENSES BY NATURE (continued)

b) Employee Benefits	December 31, 2020	December 31, 2019
Personnel expenses		
Wages and salaries	**1.043.936**	881.718
Social security premium expenses	**88.321**	69.762
Employee termination benefits (Note 26)	**33.589**	38.814
Other	**130.488**	111.584
	1.296.334	1.101.878

33. OTHER INCOME / EXPENSE

a) Other operating income / expense	December 31, 2020	December 31, 2019
Other operating income		
Gain on sale of scrap materials	**28.393**	23.785
Insurance compensation income	**6.732**	231
Foreign exchange gain	**184.739**	45.832
Other income	**30.993**	57.673
	250.857	127.521
Other operating expense		
Donations	**(6.344)**	(4.063)
Foreign exchange loss	**(225.463)**	(72.915)
Administrative fines (*)	**(1.279)**	(71.327)
Idle Time Expense	**(13.555)**	(23.259)
Other expenses	**(56.810)**	(39.669)
	(303.451)	(211.233)

(*) Administrative fines applied in Turkmenistan were related to arguments on regulatory applications and due to validity of various production licences and certificates.

b) Gain / (Loss) from Investing Activities	December 31, 2020	December 31, 2019
Gain from Investing Activities		
Gain on put option revaluation	**-**	14.384
Gain on disposal of property, plant and equipment (Note 20)	**16.863**	-
	16.863	14.384
Loss from Investing Activities		
Loss on disposal of property, plant and equipment, net	**(11.012)**	(5.451)
Impairment reversal in property, plant and equipment (Note 20, 21)	**(34.941)**	(5.924)
Revaluation loss from put option	**(55.441)**	-
	(101.394)	(11.375)

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

34. FINANCIAL INCOME / EXPENSE

a) Financial Income	**December 31, 2020**	December 31, 2019
Interest income	**149.394**	146.134
Foreign exchange gain	**853.207**	287.455
Derivative transaction gain	**52.931**	2.557
	1.055.532	436.146

b) Financial Expense	**December 31, 2020**	December 31, 2019
Interest loss	**(351.513)**	(301.641)
Foreign exchange loss	**(894.299)**	(453.628)
Interest expense of lease payables	**(19.842)**	(15.661)
Derivative transaction loss	**(78.970)**	(88)
	(1.344.624)	(771.018)

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

	December 31, 2020	December 31, 2019
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(908.165)**	(472.373)

35. HELD FOR SALE AND DISCONTINUED OPERATIONS

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

An agreement has been reached between The Coca-Cola Company ("TCCC") and CCI on the preliminary discussions to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, our Company's sales and distribution activities of Doğadan brand in Turkey has been terminated as of April 30, 2020. Accordingly, our Company's sales and distribution activities of Doğadan brand in Kazakhstan and Azerbaijan has been terminated as of the end of July 2020.

For the year ended December 31, 2020, details of statement of profit and loss from discontinued operations are as follows;

Statement of Profit or Loss

	December 31, 2020	December 31, 2019
Net revenue	60.618	237.248
Cost of sales	(63.274)	(211.600)
Selling, distribution and marketing expenses	(1.054)	(21.818)
Profit / (loss) before tax from discontinuing operations	**(3.710)**	3.830
Taxation on income-current year	(254)	(824)
Net income after tax from discontinuing operations	**(3.964)**	3.006

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

36. TAX RELATED ASSETS AND LIABILITIES

General information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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

Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth month. The tax legislation provides for a provisional tax of 22% (2019 - 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of 5 years.

The reconciliation of current period tax charge for the years ended December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Income before tax and non-controlling interest	**1.766.150**	1.185.097
Provision for corporate tax (22%)	**(388.553)**	(260.721)
Effect of not deductible (taxable) amounts in taxable income		
Effect of difference in the tax rate from subsidiaries	**(9.680)**	(10.276)
Deductions after non-deductible expenses	**(8.150)**	(1.136)
Unused investment incentive	**16.850**	31.646
Deferred tax effect of translation on non-monetary items	**(18.764)**	(12.413)
Effect of carried tax losses	**(75.529)**	(13.805)
Other	**35.846**	20.848
Total tax charge	**(447.980)**	(245.857)

The breakdown of current period tax charge for the years ended December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Deferred tax expense	**(49.688)**	(3.988)
Current period tax expense	**(398.292)**	(241.869)
Total tax charge	**(447.980)**	(245.857)

Different corporate tax rates of foreign subsidiaries are as follows:

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

For the consolidated financial statements, subsidiaries financial statements have been translated into TL and the "translation differences" arising from such translation have been recorded in equity, under Currency Translation Adjustment. Since it's not planned to sell any subsidiary share, these translation differences will not be reversed in the foreseeable future and not subject to deferred tax calculation in accordance with TAS 12, Income Taxes.

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

36. TAX RELATED ASSETS AND LIABILITIES (continued)

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

	December 31, 2020		December 31, 2019	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(3.784.055)**	**(935.031)**	(3.379.846)	(822.741)
Right of use asset	**41.626**	**10.862**	1.450	(13)
Borrowings	**(22.179)**	**(4.436)**	(23.243)	(4.939)
Employee termination, other employee benefits and other payable accruals	**134.576**	**28.689**	122.665	24.929
Unused investment incentive	**293.938**	**89.705**	259.308	72.855
Carry forward tax loss	**324.776**	**64.955**	628.559	147.596
Trade receivables, payables and other	**336.168**	**79.511**	136.142	29.142
Derivative financial instruments	**206.931**	**41.386**	(2.736)	(598)
Inventory	**(30.168)**	**(6.267)**	(40.105)	(7.374)
	(2.498.387)	**(630.626)**	(2.297.806)	(561.143)
Deferred tax assets		**183.335**		101.062
Deferred tax liabilities		**(813.961)**		(662.205)
Deferred tax liability, net		**(630.626)**		(561.143)

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

	December 31, 2020	December 31, 2019
Balance at January 1,	**561.143**	537.784
Deferred tax expense / (income)	**49.688**	3.988
Tax expense recognized in comprehensive income	**(109.886)**	(80.987)
Currency translation adjustment	**129.681**	100.358
	630.626	561.143

The expiration dates of carryforward tax losses for which no deferred tax are calculated as follows;

	December 31, 2020	**December 31, 2019**
2021	38.702	-
2022	-	-
2023	176.567	-
2024	-	-
2025	-	-
Total	**215.269**	**-**

The number explained above is prepared for domestic companies, the remaining amounts don't have expiry dates.

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

37. EARNINGS / (LOSSES) PER SHARE

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

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

	December 31, 2020	December 31, 2019
Net income for the year	**1.232.671**	965.769
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net Earnings Per Share from continuing and discontinued operations (Full TL)	**0,048459**	0,037967

	December 31, 2020	December 31, 2019
Net income from continuing operations	**1.236.635**	962.763
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net Earnings Per Share from continuing operations (Full TL)	**0,048615**	0,037849

	December 31, 2020	December 31, 2019
Net (loss) / income from discontinued operations	**(3.964)**	3.006
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net (Losses) / Earnings Per Share from discontinued operations (Full TL)	**(0,000156)**	0,000118

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

38. RELATED PARTY BALANCES AND TRANSACTIONS

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

	December 31, 2020				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
Related Parties and Shareholders				**Short Term**	**Long Term**
Anadolu Group Companies (1)	**300.125**	**38.643**	**78.656**	**1.603**	**-**
The Coca-Cola Company (1)	**35.807**	**3.384.440**	**209.368**	**453.836**	**46.722**
Özgörkey Holding Group Companies (1)	**1.027**	**18.690**	**-**	**2.856**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**8.061**	**-**	**-**
Doğadan (2)	**20.076**	**65.817**	**-**	**761**	**-**
Day Trade (2)	**-**	**-**	**-**	**19.817**	**-**
National Beverage Co. (3)	**-**	**1.953**	**-**	**-**	**-**
Diğer	**-**	**36.194**	**-**	**834**	**-**
Total	**357.035**	**3.545.737**	**296.085**	**479.707**	**46.722**

	December 31, 2019				
	Sales to related parties and other revenues	Purchases from related parties and other expenses	Amounts owed by related parties	Amounts owed to related parties	
Related Parties and Shareholders				Short Term	Long Term
Anadolu Group Companies (1)	293.401	32.435	87.980	2.839	-
The Coca-Cola Company (1)	105.268	2.730.726	105.737	386.677	61.059
Özgörkey Holding Group Companies (1)	889	23.296	10.049	129	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	-	-	6.028	-	-
Doğadan (2)	61.546	240.609	-	31.435	-
Day Trade (2)	-	-	-	16.037	-
National Beverage Co. (3)	-	1.582	-	-	-
Total	461.104	3.028.648	209.794	437.117	61.059

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

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

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

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

	December 31, 2020		December 31, 2019	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**762**	**37.404**	670	26.617
Other long-term benefits	**-**	**6.630**	-	5.052
	762	**44.034**	670	31.669
Number of top executives	**4**	**12**	4	13

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

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

(a) Capital Management

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

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

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

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

	December 31, 2020	December 31, 2019
Borrowings	**6.160.412**	5.491.442
Less: Cash and cash equivalents and short-term financial assets	**(4.683.760)**	(2.932.770)
Net debt	**1.476.652**	2.558.672
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**5,81**	10,06

(b) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by balancing the interest rate of assets and liabilities or derivative financial instruments.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

As of December 31, 2020, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for March 31, 2021, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	December 31, 2020	December 31, 2019
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**84**	482
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**1.547**	1.539
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**348**	331
Total	**1.979**	2.352

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

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

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

Interest Rate Risk	**December 31, 2020**	December 31, 2019
Financial instruments with fixed interest rate		
Time deposits	**3.972.949**	2.504.229
Financial liabilities (Note 9)	5.044.123	4.195.588
Financial instruments with floating interest rate		
Financial liabilities (Note 9)	**880.719**	1.071.262

(c) Foreign Currency Risk

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

	December 31, 2020	December 31, 2019
Total export	**59.919**	30.932
Total import	**3.407.140**	2.832.737

Foreign Currency Position

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

	Foreign Currency Position Table					
	December 31, 2020					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	209.484	28.538	209.484	-	**-**	**-**
2a. Monetary Financial Assets (Cash and cash equivalents included)	2.514.040	342.245	2.512.253	198	1.787	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	50	1	6	5	44	-
4. Current Assets (1+2+3)	**2.723.574**	**370.784**	**2.721.743**	**203**	**1.831**	**-**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.804	479	3.516	32	288	-
8. Non-Current Assets (5+6+7)	**3.804**	**479**	**3.516**	**32**	**288**	**-**
9. Total Assets (4+8)	**2.727.378**	**371.263**	**2.725.259**	**235**	**2.119**	**-**
10. Trade Payables and Due to Related Parties	471.583	63.476	465.947	610	5.497	139
11. Short-term Borrowings and Current Portion of Long - term Borrowings	400.754	5.479	40.218	40.024	360.536	-
12a. Monetary Other Liabilities	333.006	45.364	332.997	1	9	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.205.343**	**114.319**	**839.162**	**40.635**	**366.042**	**139**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	
15. a. Long-Term Borrowings	3.956.742	472.584	3.469.000	54.146	487.742	-
15. b. Long-Term Lease Payables	37.942	1.675	12.298	2.847	25.644	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**3.994.684**	**474.259**	**3.481.298**	**56.993**	**513.386**	**-**
18. Total Liabilities (13+17)	**5.200.027**	**588.578**	**4.320.460**	**97.628**	**879.428**	**139**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**2.343.998**	**319.324**	**2.343.998**	**-**	**-**	**-**
19a. Total Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total Hedged Liabilities	(2.343.998)	(319.324)	(2.343.998)	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(128.651)**	**102.009**	**748.797**	**(97.393)**	**(877.309)**	**(139)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7, B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2.476.503)**	**(217.795)**	**(1.598.723)**	**(97.430)**	**(877.641)**	**(139)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	**-**	**-**	**-**

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

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

	Foreign Currency Position Table					
	December 31, 2019					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	106.218	17.881	106.218	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.513.132	254.139	1.509.636	526	3.496	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	16.923	2.494	14.812	316	2.101	10
4. Current Assets (1+2+3)	**1.636.273**	**274.514**	**1.630.666**	**842**	**5.597**	**10**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**1.636.273**	**274.514**	**1.630.666**	**842**	**5.597**	**10**
10. Trade Payables and Due to Related Parties	426.958	71.188	422.871	315	2.097	1.990
11. Short-term Borrowings and Current Portion of Long - term Borrowings	1.237.153	128.128	761.108	71.579	476.045	-
12a. Monetary Other Liabilities	21.633	3.334	19.804	276	1.829	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.685.744**	**202.650**	**1.203.783**	**72.170**	**479.971**	**1.990**
14. Trade Payables and Due to Related Parties	4.286	-	-	644	4.286	-
15. a. Long-Term Borrowings	3.255.175	471.132	2.798.620	68.648	456.555	-
15. b. Long-Term Lease Payables	17.647	1.228	7.294	1.557	10.353	-
16 a. Monetary Other Liabilities	209.204	35.218	209.204	-	-	-
16 b. Non-monetary Other Liabilities	410	70	410	-	-	-
17. Non-Current Liabilities (14+15+16)	**3.486.722**	**507.648**	**3.015.528**	**70.849**	**471.194**	-
18. Total Liabilities (13+17)	**5.172.466**	**710.298**	**4.219.311**	**143.019**	**951.165**	**1.990**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**1.896.848**	**319.324**	**1.896.848**	-	-	-
19a. Total Hedged Assets	-	-	-	-	-	-
19b. Total Hedged Liabilities	(1.896.848)	(319.324)	(1.896.848)	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(1.639.345)**	**(116.460)**	**(691.797)**	**(142.177)**	**(945.568)**	**(1.980)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(3.553.116)**	**(438.278)**	**(2.603.457)**	**(142.493)**	**(947.669)**	**(1.990)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	-	-	-

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

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2020		December 31, 2019	
	Income / (Loss)	**Income / (Loss)**	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Changes in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	**(159.520)**	**159.520**	(258.865)	258.865
2- USD denominated hedging instruments (-)	**234.400**	**(234.400)**	189.685	(189.685)
3- Net effect in USD (1+2)	**74.880**	**(74.880)**	(69.180)	69.180
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(87.731)**	**87.731**	(94.557)	94.557
5- Euro denominated hedging instruments (-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(87.731)**	**87.731**	(94.557)	94.557
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**(14)**	**14**	(198)	198
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**(14)**	**14**	(198)	198
TOTAL (3+6+9)	**(12.865)**	**12.865**	(163.935)	163.935

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

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

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

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

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

Credit risk exposure from financial instruments as of December 31, 2020 and 2019 are as follows:

	Receivables			
December 31, 2020	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**1.034.748**	**81.106**	**163.001**	**4.681.188**
- Maximum risk secured by guarantee	754.872	-	41.878	-
A. Net book value of financial assets neither overdue nor impaired	923.125	81.106	163.001	4.681.188
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	111.623	-	-	-
-Under guarantee	18.659	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	109.601	-	-	-
- Impairment (-)	(109.601)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

	Receivables			
December 31, 2019	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	909.595	65.567	86.815	2.917.674
- Maximum risk secured by guarantee	672.224	-	27.107	-
A. Net book value of financial assets neither overdue nor impaired	820.226	65.567	86.815	2.917.674
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	89.369	-	-	-
-Under guarantee	47.494	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	66.369	-	-	-
- Impairment (-)	(66.369)	-	-	-
- Net value under guarantee				
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

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

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

(e) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions, bond issues, cash and short-term deposits.

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

The table below summarizes the maturity profile of the Group's financial and liabilities at December 31, 2020 and 2019.

December 31, 2020 **Maturities according to agreement**	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Financial liabilities	**5.924.842**	**7.048.842**	**791.747**	**753.863**	**5.503.232**	**-**
Lease liabilities	**235.000**	**254.842**	**15.122**	**41.078**	**48.518**	**150.124**
Trade payables	**1.360.254**	**1.360.354**	**948.894**	**408.608**	**2.753**	**-**
Due to related parties	**526.429**	**526.429**	**403.726**	**75.982**	**46.721**	**-**
Other non-current liabilities	**3.814**	**3.814**	**-**	**-**	**3.814**	**-**
Non-derivative financial liabilities	**8.050.339**	**9.194.281**	**2.159.489**	**1.279.531**	**5.605.038**	**150.124**

Expected maturities	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Other Payables	**518.142**	**518.142**	**518.142**	**-**	**-**	**-**
Non-derivative financial liabilities	**518.142**	**518.142**	**518.142**	**-**	**-**	**-**

December 31, 2019 Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Financial liabilities	5.266.850	6.342.290	658.741	1.096.079	4.587.470	-
Lease liabilities	222.242	222.242	12.639	37.638	64.475	107.490
Trade payables	1.049.305	1.049.305	739.579	304.552	5.174	-
Due to related parties	498.176	498.618	332.124	105.435	61.059	-
Other non-current liabilities	209.204	209.204	-	-	209.204	-
Non-derivative financial liabilities	7.245.777	8.321.659	1.743.083	1.543.704	4.927.382	107.490

Expected maturities	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Other Payables	373.311	373.311	373.311	-	-	-
Non-derivative financial liabilities	373.311	373.311	373.311	-	-	-

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

(f) Commodity Price Risk

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

Based on a 12-month anticipated purchase of can, the Group hedges using commodity (aluminum) swap contracts (Note 8).

Based on a 12-month anticipated purchase of can, the Group hedges using commodity (sugar) swap contracts (Note 8).

40. FINANCIAL INSTRUMENTS

Fair Values

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

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

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

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

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

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

40. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

December 31, 2020	**Level 1**	**Level 2**	**Level 3**
a) Assets presented at fair value			
Derivative financial instruments	**-**	**42.912**	**-**
Total assets	**-**	**42.912**	**-**
b) Liabilities presented at fair value			
Derivative financial instruments	-	**271.586**	-
Buying option of share from non-controlling interest	**17.324**	**-**	**313.961**
Total liabilities	**17.324**	**271.586**	**313.961**

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

As of December 31, 2020 and 2019, the movement of share purchase option below level 3 is as follows;

	31 December 2020	31 December 2019
Balance at January 1	**209.204**	198.020
Change in option revaluation	**55.441**	(14.384)
Currency translation difference	**49.316**	25.568
Yearend balance	**313.961**	209.204

41. SUBSEQUENT EVENTS

On September 10, 2020, Coca-Cola İçecek AŞ's (CCI) Board of Directors resolved to invite Our Company's shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TL 211.127.749,00 gross dividends to be paid from accumulated profits in accordance with the Provisional Article 13/1 of Turkish Commercial Code No. 6102 and Communiqué on the Procedures and Principles Regarding the implementation of the Provisional Article 13 of the Turkish Commercial Code numbered 6102. However, with the Presidential Decree no. 2948 published in the Official Gazette dated September 18, 2020, it was decided to extend the restriction period for the distribution of profits specified in the aforementioned Communiqué by three months to December 31, 2020, therefore the dividend distribution and the extraordinary general assembly processes were cancelled.

Now that the restriction period has ended, CCI Board of Directors resolved on January 20, 2021 to invite our Company's shareholders to the Extraordinary General Assembly meeting to propose the distribution of a total TL 211.127.749,00 gross dividends (from extraordinary reserves after legal liabilities are deducted) to be fully paid from accumulated profits. Total dividend amount will be paid starting from February 18, 2021.

At the Extraordinary General Assembly Meeting dated February 17, 2021, pursuant to the Board of Directors' proposal dated January 20, 2021, the distribution of a total gross dividends of TL 211.127.749,00 is approved with majority of the votes, to be paid starting from February 18, 2021.

Coca-Cola İçecek Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements For the Year Ended December 31, 2019 And Independent Auditor's Report

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

Deloitte.

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Coca-Cola İçecek A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Coca-Cola İçecek A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. These matters were addressed in the context of our 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.

Key Audit Matter	**How the matter was addressed in the audit**
Impairment testing of goodwill and intangible assets with indefinite useful lives Group has expanded its operations in the previous years with business combinations. As a result of the business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 18% as of 31 December 2019 in the consolidated financial statements. The Group Management performs annual impairment testing of its cash generating units to which goodwill and its intangible assets with indefinite useful lives have been allocated in accordance with TFRS. The recoverable amount of cash generating units and intangible assets with indefinite lives are determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimations, such as, earnings before interest, tax, depreciation and amortization ("EBITDA"), weighted average of cost of capital and long term growth rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements, thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosure including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2, 21 and 22.	The audit procedures applied including but not limited to the following are: • Evaluating the appropriateness of cash generating units determined by Group management, • Review of the Group's budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Backtesting forecasted cash flows for each cash generating unit with its historical financial performance, • Assessing the reasonableness of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rate by involvement of our internal valuation specialists,, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Review the appropriateness of related disclosures regarding goodwill and intangible assets with indefinite useful lives in Note 2, 21 and 22.

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4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.)

- Obtain an understanding of 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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 26 February 2020.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2019 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat
Partner

İstanbul, 26 February 2020

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

Coca-Cola İçecek Anonim Şirketi

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Financial Position as at December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	**Audited** **December 31, 2019**	Audited December 31, 2018 (Restated-Note 2)	Audited December 31, 2017 (Restated-Note 2)
ASSETS				
Cash and Cash Equivalents	**6**	**2.822.808**	2.289.734	3.874.702
Investments in Securities	**7**	**109.962**	21.163	17.237
Trade Receivables		**909.595**	750.679	675.151
- *Due from related parties*	*38*	*209.794*	126.645	108.059
- *Other trade receivables from third parties*	*11*	*699.801*	624.034	567.092
Other Receivables	**12**	**27.055**	32.341	40.266
- *Other receivables from third parties*		*27.055*	32.341	40.266
Derivative Financial Instruments	**8**	**2.759**	-	152
Inventories	**15**	**871.565**	803.952	563.847
Prepaid Expenses	**13**	**230.971**	191.115	174.118
Current Income Tax Assets		**207.536**	150.196	110.429
Other Current Assets	**28**	**282.676**	298.066	249.358
- *Other current assets from third parties*		*282.676*	298.066	249.358
Total Current Assets		**5.464.927**	4.537.246	5.705.260
Other Receivables		**38.512**	38.013	12.602
- *Other receivables from third parties*		*38.512*	38.013	12.602
Property, Plant and Equipment	**20**	**6.899.240**	6.489.084	5.257.963
Intangible Assets		**3.018.243**	2.688.881	2.226.549
- *Goodwill*	*22*	*843.828*	819.446	719.392
- *Other intangible assets*	*21*	*2.174.415*	1.869.435	1.507.157
Right of Use Asset	**20**	**194.371**	131.362	138.943
Prepaid Expenses	**13**	**243.400**	258.476	191.784
Deferred Tax Assets	**36**	**101.062**	10.911	1.648
Other Non-Current Assets	**28**	**-**	643	-
Total Non-Current Assets		**10.494.828**	9.617.370	7.829.489
Total Assets		**15.959.755**	**14.154.616**	**13.534.749**

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Financial Position as at December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	**Audited**	Audited	Audited
		December 31, 2019	December 31, 2018	December 31, 2017
			(Restated, Note 2)	(Restated, Note2)
LIABILITIES				
Short-term Borrowings	**9**	**447.244**	212.258	79.875
- *Bank borrowings*		*445.370*	210.448	78.283
- *Finance lease payables*		*1.874*	1.810	1.592
Current Portion of Long-term Borrowings	**9**	**1.045.955**	733.726	2.745.166
- *Bank borrowings*		*996.305*	706.358	2.716.799
- *Finance lease payables*		*49.650*	*27.368*	28.367
Trade Payables		**1.481.248**	1.294.354	955.589
- *Due to related parties*	*38*	*437.117*	328.134	244.587
- *Other trade payables to third parties*	*11*	*1.044.131*	966.220	711.002
Payables Related to Employee Benefits	**26**	**44.548**	34.743	39.593
Other Payables	**12**	**373.311**	288.103	232.418
- *Other payables to third parties*		*373.311*	288.103	232.418
Derivative Financial Instruments	**8**	**3.704**	13.485	-
Provision for Corporate Tax		**20.229**	10.932	4.842
Current Provisions	**26**	**58.512**	58.251	66.061
- *Current provisions for employee benefits*		*58.512*	58.251	66.061
Other Current Liabilities	**28**	**61.349**	50.125	32.380
Total Current Liabilities		**3.536.100**	2.695.977	4.155.924
Long-term Borrowings	**9**	**3.998.243**	4.158.301	3.323.403
- *Bank borrowings*		*3.825.175*	4.022.525	3.190.310
- Lease payables		*172.592*	*133.452*	129.369
- *Finance lease payables*		*476*	2.324	3.724
Trade Payables		**66.233**	46.985	35.180
- *Due to related parties*	*38*	*61.059*	40.782	29.100
- *Other trade payables to third parties*		*5.174*	6.203	6.080
Non-Current Provisions	**26**	**118.421**	82.548	72.307
- *Non-current provisions for employee benefits*		*118.421*	82.548	72.307
Deferred Tax Liability	**36**	**662.205**	548.695	407.915
Other Non-Current Liabilities	**28**	**209.204**	198.020	117.572
Total Non-Current Liabilities		**5.054.306**	5.034.549	3.956.377
Equity of the Parent		**6.515.034**	5.598.544	4.720.799
Share Capital	**29**	**254.371**	254.371	254.371
Share Capital Adjustment Differences		**(8.559)**	(8.559)	(8.559)
Share Premium		**214.241**	214.241	214.241
Non-Controlling Interest Put Option Valuation Fund		**(4.748)**	(4.748)	22.353
Other comprehensive income items not to be reclassified to profit or loss		**(17.763)**	(10.247)	(10.801)
- *Actuarial gains / losses*		*(27.545)*	(20.029)	(20.583)
- *Other valuation funds*		*9.782*	9.782	9.782
Other comprehensive income items to be reclassified to profit or loss		**3.275.125**	3.016.730	2.233.418
- *Currency translation adjustment*		*3.699.139*	3.161.714	2.208.371
- *Cash flow hedge reserve*		*(424.014)*	(144.984)	25.047
Restricted Reserves Allocated from Net Profit	**29**	**184.044**	155.300	136.553
Accumulated Profit / Loss		**1.652.554**	1.660.270	1.643.156
Net Income / (Loss) for the period		**965.769**	321.186	236.067
Non-Controlling Interest		**854.315**	825.546	701.649
Total Equity		**7.369.349**	6.424.090	5.422.448
Total Liabilities		**15.959.755**	14.154.616	13.534.749

The explanatory notes form an integral part of these consolidated financial statement

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Profit or Loss for the year ended December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**January 1 - December 31, 2019**	January 1 - December 31, 2018 (Restated-Note 2)
Net Revenue	30	12.245.010	10.623.385
Cost of Sales (-)	30	(8.038.410)	(7.096.283)
Gross Profit / (Loss)		**4.206.600**	3.527.102
General and Administration Expenses (-)	31	(526.483)	(440.945)
Distribution, Selling and Marketing Expenses (-)	31	(2.075.254)	(1.856.687)
Other Operating Income	33	127.521	136.518
Other Operating Expense (-)	33	(211.233)	(97.425)
Profit / (Loss) From Operations		**1.521.151**	1.268.563
Gain from Investing Activities	33	14.384	8.170
Loss from Investing Activities (-)	33	(11.375)	(17.466)
Gain / (Loss) from Joint Ventures	18	(361)	(882)
Profit / (Loss) Before Financial Income / (Expense)		**1.523.799**	1.258.385
Financial Income / (Expense)	34	**(334.872)**	(712.505)
Financial Income		436.146	1.885.511
Financial Expenses (-)		(771.018)	(2.598.016)
Profit / (Loss) Before Tax from Continuing Operations		**1.188.927**	545.880
Tax Expense of Continuing Operations		**(246.681)**	(194.448)
Deferred Tax Income / Expense (-)	*36*	34.326	(27.169)
Current Period Tax Expense (-)	*36*	(281.007)	(167.279)
Net Profit / (Loss) from Continuing Operations		**942.246**	351.432
Attributable to:			
Non-controlling interest		(23.523)	30.246
Equity holders of the parent	37	965.769	321.186
Net Profit / (Loss)		**942.246**	351.432
Equity Holders Earnings Per Share from Continuing Operations (full TL)	37	0,0380	0,0126

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Other Comprehensive Income for the year ended December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Audited	
	January 1 - December 31, 2019	January 1 - December 31, 2018 (Restated-Note 2)
Profit for the year	**942.246**	351.432
Actuarial Gain / (Losses)	**(9.764)**	534
Deferred Tax Effect	**2.248**	20
Other comprehensive income items, not to be reclassified to profit or loss subsequently	**(7.516)**	554
Cash flow hedge reserve	**(357.889)**	(260.328)
Deferred tax effect	**78.859**	90.297
Currency translation adjustment	**589.717**	1.084.016
Other comprehensive income items to be reclassified to profit or loss subsequently	**310.687**	913.985
Total of Other Comprehensive Income After Tax	**1.245.417**	1.265.971
Attributable to:		
Non-controlling interest	**28.769**	160.919
Equity holders of the parent	**1.216.648**	1.105.052

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Change in Equity for the year ended December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

					Other comprehensive income and expense items									
				Non-Controlling Interest	Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Consolidated Statement of Changes in Shareholders' Equity	**Share Capital**	**Share Capital Adjustment Differences**	**Share Premium**	**Put Option Valuation Fund**	**Other Valuation Funds**	**Actuarial Gains / Losses**	**Cash Flow Hedge Reserve**	**Currency Translation Adjustment**	**Restricted Reserves Allocated from Net Profit**	**Accumulated Profit / Loss**	**Net Income**	**Total Equity of the Parent**	**Non-Controlling Interest**	**Total Equity**
January 1, 2018–Reported	254.371	(8.559)	214.241	22.353	9.782	(20.583)	25.047	2.208.338	136.553	1.656.568	237.627	4.735.738	703.855	5.439.593
Effect of mandatory changes in accounting policy (Note 2)	-	-	-	-	-	-	-	33	-	(13.412)	(1.560)	(14.939)	(2.206)	(17.145)
January 1, 2018 Restated(*)	254.371	(8.559)	214.241	22.353	9.782	(20.583)	25.047	2.208.371	136.553	1.643.156	236.067	4.720.799	701.649	5.422.448
Other comprehensive income/(loss)	-	-	-	-	-	554	(170.031)	953.343	-	236.067	(236.067)	783.866	130.673	914.539
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	321.186	321.186	30.246	351.432
Total Comprehensive Income / (loss)	-	-	-	-	-	554	(170.031)	953.343	-	236.067	85.119	1.105.052	160.919	1.265.971
Dividend paid	-	-	-	-	-	-	-	-	-	(200.206)	-	(200.206)	(30.087)	(230.293)
Transfers	-	-	-	-	-	-	-	-	18.747	(18.747)	-	-	-	-
Increase (Decrease) from Other Changes (**)	-	-	-	(27.101)	-	-	-	-	-	-	-	(27.101)	(6.935)	(34.036)
December 31, 2018	254.371	(8.559)	214.241	(4.748)	9.782	(20.029)	(144.984)	3.161.714	155.300	1.660.270	321.186	5.598.544	825.546	6.424.090
January 1, 2019	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(20.029)**	**(144.984)**	**3.162.108**	**155.300**	**1.675.242**	**326.778**	**5.619.502**	**831.234**	**6.450.736**
Effect of mandatory changes in accounting policy (Note 2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(394)**	**-**	**(14.972)**	**(5.592)**	**(20.958)**	**(5.688)**	**(26.646)**
January 1, 2019 Restated (*)	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(20.029)**	**(144.984)**	**3.161.714**	**155.300**	**1.660.270**	**321.186**	**5.598.544**	**825.546**	**6.424.090**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**(7.516)**	**(279.030)**	**537.425**	**-**	**321.186**	**(321.186)**	**250.879**	**52.292**	**303.171**
Net profit / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**965.769**	**965.769**	**(23.523)**	**942.246**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**-**	**(7.516)**	**(279.030)**	**537.425**	**-**	**321.186**	**644.583**	**1.216.648**	**28.769**	**1.245.417**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300.158)**	**-**	**(300.158)**	**-**	**(300.158)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**28.744**	**(28.744)**	**-**	**-**	**-**	**-**
December 31, 2019	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(27.545)**	**(424.014)**	**3.699.139**	**184.044**	**1.652.554**	**965.769**	**6.515.034**	**854.315**	**7.369.349**

(*) Restated, Note 2.
(**) Non-controlling interest share put option liability

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Cash Flows for the year ended December 31, 2019
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**January 1, December 31, 2019**	January 1, December 31, 2018
Profit for the year		**942.246**	351.432
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		**1.404.783**	1.629.709
Depreciation and amortization	32	**694.586**	633.268
Adjustments for impairment loss (reversal)		**24.512**	14.063
- *Provision / (reversal) for doubtful receivable*	11	*14.955*	*8.795*
- *Provision / (reversal) for inventories*	15	*3.633*	*(12.198)*
- *Impairment loss / (reversal) in property, plant and equipment*	20, 33	*5.924*	*17.466*
Adjustments for provisions		**112.576**	82.713
- *Provision / (reversal) for employee benefits*	26	*112.576*	*82.713*
Adjustments for interest (income) expenses	*34*	**153.038**	167.806
- *Interest income*		*(148.691)*	*(215.825)*
- *Interest expense*		*301.729*	*383.631*
Unrealized foreign exchange (gain) / loss		166.301	535.851
(Gain) / loss from joint ventures	18	361	882
Income tax expense		246.681	194.448
(Gain) / loss on sale of property, plant and equipment	33	5.451	(8.170)
Put option revaluation	33	(14.384)	-
Interest expense of lease payables	34	15.661	8.848
Change in operating activities		**(60.008)**	38.341
Adjustments for decrease (increase) in trade accounts receivable		**(173.871)**	(84.322)
- *Increase / (decrease) on trade receivables*		*(83.149)*	*(18.585)*
- *Increase / (decrease) on due from related parties*		*(90.722)*	*(65.737)*
Change in inventories		**(71.246)**	(227.907)
Adjustments for increase (decrease) in trade accounts payable		**185.109**	350.570
- *Increase / (decrease) on trade payables*		*129.260*	*95.229*
- *Increase / (decrease) on due to related parties*		*55.849*	*255.341*
Cash flows from operating activities:		**2.287.021**	2.019.482
Interest paid	9	(314.969)	(389.334)
Interest received		148.691	215.825
Payments made for employee benefits	26	(84.540)	(84.579)
Tax returns / (payments)		(274.237)	(87.498)
Change in other working capital		115.097	(37.620)
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**1.877.063**	1.636.276
Cash outflows arising from purchase of property, plant, equipment and intangible assets		**(765.987)**	(857.646)
- *Purchase of property, plant and equipment*	20	*(641.709)*	*(851.185)*
- *Purchase of intangibles*	21	**(124.278)**	*(6.461)*
Proceeds from sale of property, plant and equipment and intangibles		25.035	31.293
Change in other investing activities		(88.799)	(3.925)
B. NET CASH USED IN INVESTING ACTIVITIES		**(829.751)**	(830.278)
Change in lease payables		(31.698)	(52.119)
Proceeds from borrowings	9	1.289.319	1.095.143
Repayments of borrowings	9	(1.474.225)	(4.503.218)
Cash flow hedge reserve		(153.504)	122.348
Dividends paid	29	(300.158)	(230.293)
C. NET CASH USED IN FINANCING ACTIVITIES		**(670.266)**	(3.568.139)
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**377.046**	(2.762.141)
Effects of currency translation on cash and cash equivalents		82.458	1.106.711
Effects of currency translation intercompany borrowings		51.125	244.509
Currency translation adjustment		22.445	(174.047)
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**156.028**	1.177.173
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**533.074**	(1.584.968)
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**2.289.734**	3.874.702
CASH AND CASH EQUIVALENTS AT YEAR END (A+B+C+D+E)		**2.822.808**	2.289.734

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

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES

General

Coca-Cola İçecek Anonim Şirketi ("CCI" - "the Company"), is the bottler and distributor of alcohol-free beverages in Turkey, Pakistan, Central Asia and the Middle East. The operations of the Company consist of production, sales and distribution of sparkling and still beverages with The Coca-Cola Company ("TCCC") trademarks. The Company has 10 (2018 - 10) production facilities in different regions of Turkey and operates 16 (2018 - 16) production facilities in countries other than Turkey. The registered office address of CCI is OSB Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey.

CCI is a listed company on the Borsa Istanbul A.Ş. ("BIST"). CCI's American Depositary receipts issued under the Level I ADR program are traded over the counter in the United States, starting from July 2013. In July 2018 Board of Directors has decided to terminate the Regulation S and Rule 144A Global Depositary Receipt Program (GDR) and the Level I ADR programme, trading OTC (over the counter) in the United States, and the programme was terminated as of November 9, 2018. The sale of Capital Markets Board ("CMB") Tranche Issuance Certificated bonds to investors outside of Turkey has been completed as of September 19, 2017, and these bonds were admitted to the Irish Stock Exchange.

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

The consolidated financial statements of the Group were approved for issue by the Board of Directors on February 26, 2020, which were signed by the Audit Committee and Chief Executive Officer Burak Başarır. The General Assembly and the regulatory bodies have the right to make amendments to the consolidated financial statements after their issuance.

Shareholders of the Company

AG Anadolu Grubu Holding A.Ş. is the ultimate controlling party of the Company. As of December 31, 2019, and 2018 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2019		December 31, 2018	
	Nominal Amount	**Percentage**	Nominal Amount	Percentage
Anadolu Efes Biracılık ve Malt Sanayi A.Ş. ("Anadolu Efes")	**102.047**	**40,12%**	102.047	%40,12
The Coca-Cola Export Corporation ("TCCEC")	**51.114**	**20,09%**	51.114	%20,09
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa")	**25.788**	**10,14%**	25.788	%10,14
Özgörkey Holding A.Ş.	**4.788**	**1,88%**	6.792	%2,67
Publicly Traded	**70.634**	**27,77%**	68.630	%26,98
	254.371	**100,00%**	254.371	%100,00
Inflation Restatement Effect	**(8.559)**	**-**	(8.559)	-
	245.812		245.812	

Özgörkey Holding A.Ş. shares with a nominal value of TL 1.578 has been listed to Central Registry Agency, with a sale purpose (December 31, 2018 - TL 433).

Nature of Activities of the Group

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

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

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

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

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

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

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

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

Subsidiaries and Joint Ventures

As of December 31, 2019, and 2018 the list of CCI's subsidiaries and joint ventures and its effective participation percentages are as follows:

Subsidiaries

				Effective Shareholding and Voting Rights	
		Place of Incorporation	**Principal Activities**	**December 31, 2019**	December 31, 2018
1)	Coca-Cola Satış ve Dağıtım Anonim Şirketi ("CCSD")	Turkey	Distribution and sales of Coca-Cola, Doğadan and Mahmudiye products	**%99,97**	%99,97
2)	Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye")	Turkey	Filling of natural spring water	**%100,00**	%100,00
3)	J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership ("Almaty CC")	Kazakhstan	Production, distribution and sales of Coca-Cola products	**%100,00**	%100,00
4)	Azerbaijan Coca-Cola Bottlers Limited Liability Company ("Azerbaijan CC")	Azerbaijan	Production, distribution and sales of Coca-Cola products	**%99,87**	%99,87
5)	Coca-Cola Bishkek Bottlers Closed Joint Stock Company ("Bishkek CC")	Kyrgyzstan	Production, distribution and sales of Coca-Cola products	**%100,00**	%100,00
6)	CCI International Holland B.V. ("CCI Holland")	Holland	Holding company	**%100,00**	%100,00
7)	Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership ("Tonus")	Kazakhstan	Holding company	**%100,00**	%100,00
8)	The Coca-Cola Bottling Company of Jordan Limited ("TCCBCJ")	Jordan	Production, distribution and sales of Coca-Cola products	**%90,00**	%90,00
9)	Turkmenistan Coca-Cola Bottlers ("Turkmenistan CC")	Turkmenistan	Production, distribution and sales of Coca-Cola products	**%59,50**	%59,50
10)	Sardkar for Beverage Industry/Ltd ("SBIL") (**)	Iraq	Production, distribution and sales of Coca-Cola products	**%100,00**	%100,00
11)	Waha Beverages B.V. ("Waha B.V.")	Holland	Holding Company	**%80,03**	%80,03
12)	Coca-Cola Beverages Tajikistan Limited Liability Company ("Tajikistan CC")	Tajikistan	Production, distribution and sales of Coca-Cola products	**%100,00**	%100,00
13)	Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC ("Al Waha")	Iraq	Production, distribution and sales of Coca-Cola products	**%80,03**	%80,03
14)	Coca-Cola Beverages Pakistan Limited ("CCBPL") (*)	Pakistan	Production, distribution and sales of Coca-Cola products	**%49,67**	%49,67

(*) CCBPL is fully consolidated since 1 January 2013 in accordance with TFRS, due to amendments made on CCBPL's Shareholders' Agreement for transferring the control of CCBPL to CCI.
(**) The Company decided to change the trade name of (CC) Company for Beverages Industry Limited as Sardkar for Beverage Industry Ltd. ("SBIL") and new trade name was registered as of October 16, 2018.

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

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights	
			December 31, 2019	December 31, 2018
Syrian Soft Drink Sales and Distribution L.L.C. (''SSDSD'')	Syria	Distribution and sales of Coca-Cola products	**%50,00**	%50,00

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

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

Average Number of Employees

Category-based average number of employees working during the period is as follows (Joint ventures are considered with full numbers for December 31, 2019 and 2018).

	December 31, 2019	December 31, 2018
Blue-collar	**3.311**	3.412
White-collar	**4.910**	4.920
Average number of employees	**8.221**	8.332

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

Basis of Preparation

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on June 13, 2013 which is published on Official Gazette numbered 28676. In addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 April 2019 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Turkey.

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

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

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

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

Summary of Significant Accounting Policies and Changes

The consolidated financial statements of the Group as of December 31, 2019 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new and amended standards.

Comparative Information and Restatement on Prior Period Financial Statements

TFRS 15 "Revenue from Contracts with Customers"

In the scope of TFRS 15 "Revenue from Contracts with Customers", Group accounts consideration payables to customers as reduction in revenue rather than selling, distribution and marketing expenses, since related expenses are undertaken by customers.

In this context, as of December 31, 2018, total cash concession amounting to TL 141.263 was reflected to "Sales Discounts" by reclassing from "Selling, Distribution and Marketing Expenses" for the aim of comparable presentation with current year consolidated financial statements.

TFRS 16 "Leases"

TFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019.

The group leases various offices, warehouses, equipment and cars. Rental contracts are typically made for more than 1 year and may have extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The date of initial application of TFRS 16 for the Group is 1 January 2019 retrospectively taking into account the cumulative effect in the financial statements. Under this scope starting with January 1, 2017, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

On adoption of TFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2017.

At December 31, 2018, 2017 and 2019, minimum and maximum incremental borrowing rates applied to the lease liabilities are as follows:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
USD	**%4,37 - %8,00**	4,37% - 8,00%	4,41% - 8,00%
EUR	**%0,81 - %8,00**	0,81% - 6,98%	0,81% - 0,85%
TRL	**%10,50 - %25,00**	10,50% - 25,00%	13,20%
JOD	**%7,25 - %7,75**	7,25%	-
AZN	**%15,00**	15,00%	15,00%
PKR	**%6,40 - %10,87**	6,40% - 10,00%	6,40%
IQD	**%5,70**	5,70%	5,70%

As of December 31, 2019, reconciliation between the restated comparative information for December 31, 2017 and 2018 with the reported financial information during previous periods are as follows:

December 31, 2017	**Reported**	**Effect of TFRS 16**	**December 31, 2017 (Restated)**
Right of use asset	-	185.740	185.740
Depreciation of right of use asset	-	(46.797)	(46.797)
Right of use asset, net	**-**	**138.943**	**138.943**
Deferred tax assets	-	1.648	1.648
Other current and non-current assets	13.394.158	-	13.394.158
Total assets	**13.394.158**	**140.591**	**13.534.749**
Current portion of long-term borrowings	2.716.799	28.367	2.745.166
Long-term borrowings	3.194.034	129.369	3.323.403
Other liabilities	2.043.732	**-**	2.043.732
Total current and non-current liabilities	**7.954.565**	**157.736**	**8.112.301**
Other equity items	633.205	-	633.205
Currency translation adjustment	2.208.338	33	2.208.371
Accumulated profit / loss	1.656.568	(13.412)	1.643.156
Net income / (loss) for the period	237.627	(1.560)	236.067
Equity of the parent	**4.735.738**	**(14.939)**	**4.720.799**
Non-controlling interest	703.855	(2.206)	701.649
Total liabilities	**13.394.158**	**140.591**	**13.534.749**

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

December 31, 2018	Reported	Effect of TFRS 16	December 31, 2018 (Restated)
Right of use asset	-	198.327	198.327
Depreciation of right of use asset	-	(66.965)	(66.965)
Right of use asset, net	**-**	**131.362**	**131.362**
Deferred tax assets	8.099	2.812	10.911
Other current and non-current assets	14.012.343	-	14.012.343
Total assets	**14.020.442**	**134.174**	**14.154.616**
Current portion of long-term borrowings	706.358	27.368	733.726
Long-term borrowings	4.024.849	133.452	4.158.301
Other liabilities	2.838.499	-	2.838.499
Total current and non-current liabilities	**7.569.706**	**160.820**	**7.730.526**
Other equity items	455.374	-	455.374
Currency translation adjustment	3.162.108	(394)	3.161.714
Accumulated profit / loss	1.675.242	(14.972)	1.660.270
Net income / (loss) for the period	326.778	(5.592)	321.186
Equity of the parent	**5.619.502**	**(20.958)**	**5.598.544**
Non-controlling interest	831.234	(5.688)	825.546
Total liabilities	**14.020.442**	**134.174**	**14.154.616**

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2019 year

TFRS 16	*Leases*
TFRS Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendments to TAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to TAS 19 Employee Benefits	*Plan Amendment, Curtailment or Settlement*
Annual Improvements to TFRS Standards 2015–2017 Cycle	*Amendments to TFRS 3, TFRS 11*, *TAS 12, TAS 23*

TFRS 16 Leases

<u>General impact of application of TFRS 16 Leases</u>

The Group adopted TFRS 16 “Leases” retrospectively. For the contracts entered into before 1 January 2017, the Group determined whether the arrangement was or contained a lease based on the assessment whether:

a) the fulfilment of the arrangement was dependent on the use of specific asset or assets; and

b) the arrangement has conveyed a right of use the asset

In preparation for the first-time application of TFRS 16, the Group has carried out an implementation project and as of January 1, 2017 started to measure lease liabilities at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate.

The right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Group decided to use the following practical expedients;

- Group applied a single discount rate to a portfolio of leases with similar characteristics
- Used hindsight when determining the lease term when the contract contains options to renew or terminate the lease.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Impact on Lessee Accounting

Operating leases

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 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 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 the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing the how and for what purpose the asset is used is predetermined, the Group has the right the use of asset if either:
   i. the Group has the right to operate the asset or;
   ii. the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right of use asset

The Group recognizes a right-of use asset and a lease liability at the lease commencement date.

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

a) amount of the initial measurement of the lease liability;
b) any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

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

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

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 using the Group’ incremental borrowing rate.

Lease payment that included measurement of the lease obligation at the effective date of leasing consist of payments below that will be made for right of asset during leasing period of underlying asset and has not been paid at the date effective date of leasing.

Lease payments included in the measurement of the lease liability comprise the following:

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;

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 the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group reassesses the lease liabilities starting from the commencement date under consideration of changes in the lease contracts. The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right of use asset. Where there is a change in lease terms, the Group reflects the effects on future periods of the contract. In such case, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate.

The Group accounts for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets and
b) consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the finance leases as at December 31, 2019 and based on the facts and circumstances that exist at that date, there isn’t any material impact on the Group’s consolidated financial statements.

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment. As of December 31, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TL 750 (December 31, 2018 - TL 936).

<u>Impact on Lessor Accounting</u>

Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, TFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

TFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

Amendments to TAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to TAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Annual Improvements to TFRS Standards 2015–2017 Cycle

Annual Improvements to TFRS Standards 2015–2017 Cycle include amendments to TFRS 3 *Business Combinations* and TFRS 11 *Joint Arrangements* in when a party that participates in, but does not have joint control of, TAS 12 *Income Taxes*; income tax consequences of dividends in profit or loss, and TAS 23 *Borrowing Costs* in capitalized borrowing costs.

Other than TFRS 16, these standards, amendments and improvements have no impact on the consolidated financial position and performance of the Group.

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

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

TFRS 17	*Insurance Contracts*
Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to TFRS 3 Business Combinations

The definition of “business” is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of “business” in TFRS 3 Business Combinations standart has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Functional and Presentation Currency

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

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

Functional Currencies of the Subsidiaries and Joint Ventures

	December 31, 2019		December 31, 2018	
	Local Currency	**Functional Currency**	Local Currency	Functional Currency
CCSD	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Mahmudiye	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Almaty CC	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	Kazakh Tenge
Tonus	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	Kazakh Tenge
Azerbaijan CC	**Manat**	**Manat**	Manat	Manat
Turkmenistan CC	**Turkmen Manat**	**Turkmen Manat**	Turkmen Manat	Turkmen Manat
Bishkek CC	**Som**	**Som**	Som	Som
TCCBCJ	**Jordanian Dinar**	**Jordanian Dinar**	Jordanian Dinar	Jordanian Dinar
SBIL	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
SSDSD	**Syrian Pound**	**Syrian Pound**	Syrian Pound	Syrian Pound
CCBPL	**Pakistan Rupee**	**Pakistan Rupee**	Pakistan Rupee	Pakistan Rupee
CCI Holland	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Waha B.V.	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Al Waha	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
Tajikistan CC	**Somoni**	**Somoni**	Somoni	Somoni

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on December 31, 2019, USD 1,00 (full) = TL 5,9402 (December 31, 2018; USD 1,00 (full) = TL 5,2609). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period is USD 1,00 (full) = TL 5,6712 (January 1 - December 31, 2018; USD 1,00 (full) = TL 4,8301).

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Estimation Uncertainty

Group management has to make key assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities in the preparation of consolidated financial statements. Actual results can be different from estimations. These estimations are reviewed at each balance sheet date; required corrections are made and reflected in the results of operations of the related period.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are as follows:

a) The Group has made significant assumptions over the useful life of buildings, machinery and equipment based on the expertise of the technical departments (Note 20).

b) The Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use (Note 20 and Note 21).

c) The Group performs impairment test for bottling rights with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2019, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis. During these 5 and 10 years period calculations, estimated free cash flow before tax from financial budgets that were approved by board of directors are used for 3-year period. Estimated free cash flows before tax after 3-year period are calculated by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product per capita and consumer price indices were derived from external sources. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units (Note 21 and Note 22). For the impairment test, below assumptions were used for the year-end December 31, 2019;

	Perpetuity Growth Rate	Weighted Average Cost of Capital
Almaty CC	9,90%	12,94%
Azerbaijan CC	6,50%	11,40%
Turkmenistan CC	15,10%	26,70%
Bishkek CC	7,80%	14,08%
TCCBCJ	4,60%	10,88%
SBIL	4,40%	10,54%
CCBPL	10,50%	17,33%
Al Waha	4,40%	14,36%
Tacikistan CC	12,10%	18,11%

d) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Basis of Consolidation and Interests in Joint Ventures

The consolidated financial statements comprise the financial statements of the parent company, CCI, its subsidiaries and joint ventures prepared as for the year ended December 31, 2019. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The consolidated financial statements cover CCI and the subsidiaries it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and consolidated income statement.

TFRS 11 "Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard defines joint control with a realistic view, which is the contractually agreed sharing of control of an arrangement. There are two types of joint arrangements: joint operations and joint ventures. Among other changes introduced, under this new standard, proportionate consolidation is not permitted for joint ventures. With this amendment, joint ventures were accounted for under the equity method of accounting at the consolidated financial statements, starting from January 1, 2013. Investment in joint ventures accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint ventures, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the joint ventures.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity of less than 3 months and cheques dated on or before the relevant period end which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial assets classification and measurement

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

a) Financial assets carried at amortized cost; Assets that are held for collection of contractual cash flows where cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded, and which are not derivate 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. 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 (Note 11).

b) 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. 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.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Derivative financial instruments

The Company engages in commodity swap transactions to hedge price risk arising from fluctuations in the prices of required commodity for final production.

Hedge accounting

For hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges the change in the fair value of a hedging instrument is recognized in the consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement as part of finance income and costs.

For cash flow hedges the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and costs.

Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecasted purchase occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the statement of consolidated income when a sale occurs.

The Company has made aluminium swap and aluminium swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminium price volatility and designates these aluminium swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item. As of December 31, 2019, the Company doesn't have any aluminium swap transactions. (Note 8, Note 39, Note 40).

The Company has made sugar swap contracts in order to offset the possible losses that may arise from anticipated purchases of sugar which are subject to sugar price volatility and designates these sugar swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item (Note 8, Note 39, Note 40).

The Company engages in cross currency swap transactions to hedge long term exchange rate exposure.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. After initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the statement of consolidated income as part of finance income and costs.

Trade Receivables

Trade receivables, which generally have payment terms of 15 - 65 days, are recognized at original invoice amount less doubtful receivable.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value reflected to comprehensive income, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime "Expected Credit Loss (ECL)" of the related financial assets.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Related Parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) Parties are considered related to the Company if;
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

Inventories are valued at the lower of cost or net realizable value, less provision for obsolete and slow-moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes all costs incurred in bringing the product to its present location and condition, and is determined primarily based on weighted average cost method.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and Leasehold Improvements	5 - 49 years
Machinery and Equipment	6 - 20 years
Furniture and Fixtures	5 - 10 years
Vehicles	5 - 10 years
Other Tangible Assets	5 - 12 years

Useful life of leasehold improvements is determined according to contract based lease period. Useful life of the investment is equal to the contract based remaining lease period of the leased asset.

Repair and maintenance costs for tangible assets are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. All other costs are charged to the statements of income during the financial year in which they are incurred. All costs incurred for the construction of property, plant and equipment are capitalized and are not depreciated until the asset is ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use. Value in use is assessed by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset. If the related asset is not a unit that generates cash inflows by itself, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The increase in the carrying value of property, plant and equipment because of the impairment reversal is recognized in the income statement, by considering not to exceed the book value amount if the impairment losses were not reflected to financial statements in prior years (net book value after depreciation).

Intangible Assets

Intangible assets acquired separately are measured at initial acquisition cost. The cost of an intangible asset acquired in a business combination is recognized at fair value, if its fair value can be reliably measured. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives, except Bottlers and Distribution Agreements.

In the scope of consolidation, intangible assets identified during the acquisition and in the fair value financial statements of subsidiaries and joint venture which are operating in foreign countries, represent the “Bottlers and Distribution Agreements” that are signed with TCCC. Taking into consideration TCCC’s ownership in the Company, contribution to development of long term strategic plans and business processes, and its working principles with other bottlers the Company management believes that no time constraint is required for bottling and distribution agreements as they will be extended without additional cost after expiration date. The intangible assets relating to the Bottlers and Distribution Agreements are therefore not amortized. Such intangible assets which are not amortized are annually reviewed for impairment or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Water sources usage rights are amortized on a straight-line basis over their useful lives, which are between 9 and 40 years.

Other rights are amortized on a straight-line basis over their 2-15 years estimated useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Business Combinations and Goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at TFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the acquired business, at the date of acquisition. Group do not amortize goodwill arising from the business combinations and annually review for impairment.

Any goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities are treated as assets and liabilities of the acquired foreign operation. Therefore, these assets and liabilities are translated at the closing rate from their presentation currencies.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Leases (Group as a lessee)

The Group has applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and TFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note X).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

Trade Payables

Trade payables which generally have 7 - 30-day terms are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, when they are billed to the Group.

Employee Benefits

Turkish Entities:

(a) Defined Benefit Plans

The reserve for employee termination benefits is provided for in accordance with TAS 19 "Employee Benefits" and is based on actuarial study. In the consolidated financial statements, the Group has reflected a liability calculated using the "Projected Unit Credit Method". According to the valuations made by qualified actuaries, all actuarial gains and losses are recognized in the income statement.

The employee termination benefits are discounted to the present value of the estimated future cash outflows using government bonds' rate of return on the balance sheet date.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income. Actuarial assumptions used to determine net periodic pension costs are as follows as of balance sheet dates:

	December 31, 2019	December 31, 2018
Discount rate	**11,7%**	16%
Inflation	**7,9%**	11,3%
Rate of compensation increase	**7,9%**	11,3%

(b) Defined Contribution Plan

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. For the year ended December 31, 2019, contributions paid by the Group to the Social Security Institution of Turkey is amounting to TL 45.763 (December 31, 2018 - TL 39.502).

Foreign Subsidiaries

Subsidiaries and joint ventures in foreign countries pay contributions according to each country’s local regulations and these payments are expensed as incurred. Both employee and employer make payments as social security contribution calculated on employee salary and these contributions reflected to employee expense when they accrued.

	Employee contribution rate	**Employer contribution rate**
Almaty CC	10%	9,5%
Azerbaijan CC	10%	15%
Bishkek CC	10%	17,25%
Turkmenistan CC	-	20%
Tajikistan CC	1%	25%
TCCBCJ	7,5%	14,25%
SBIL	5%	12%
CCBPL	1% (on minimum wage)	5% (on minimum wage)

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 *“Employee Benefits”* using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements but only disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Revenue Recognition

The Group recognizes revenue in accordance with the standard which is TFRS 15 “Revenue from Contracts With Customers” based five-step model set out below:

- Identifying contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group accounts for a contract with its customer as revenue if all the conditions of the term are met:

- The parties to the contract have approved the contract (in writing, verbally or in accordance with other commercial practices) and are committed to fulfilling their own performance obligations.
- The rights of each party related to the goods or services to be transferred can be defined.
- Payment terms for goods or services to be transferred can be defined
- The contract is inherently commercial in nature and it is probable that the Group will collect a price for goods or services to be transferred to the customer. While evaluating whether a price is likely to be collected, the Group takes into account only the customer's ability to pay this price on due date and its intention.

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation, it is determined at the beginning of the contract whether the performance obligation will be carried out over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfills its performance obligations regarding the related sales over time, it measures the progress towards the fulfillment of the performance obligations in question and takes the revenue to the financial statements.

When the Group fulfills its performance obligation by transferring a committed good or service to its customer, it records the transaction value corresponding to this performance obligation in its financial statements. When the control of the goods or services takes over (or passes) to the customers, the goods or services are transferred.

In the beginning of the contract, the Group does not make any adjustments for the effect of an material financing component in the promised price if the period between the transfer date of the goods and services promised to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, if there is a material financing element in revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Interest Income

Interest income from financial assets is recorded as long as it is possible for the Group to obtain economic benefits and measure the income reliably. Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows from the related financial asset to the book value of that asset.

Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying the exchange rate between the functional currency and the foreign currency on the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized in the income statement in the period in which they arise.

Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period to the weighted average number of ordinary shares outstanding during the reporting periods. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources. The Company has no diluted instruments.

Subsequent Events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements and footnotes. Post period-end events that are not adjusting events are disclosed in the notes when material.

Government incentives and grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all the required conditions. Government grants related to costs are accounted as income on a consistent basis over the related periods with the matching costs. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3. BUSINESS COMBINATIONS

None (December 31, 2018 - None).

4. INTERESTS IN JOINT VENTURES

None (December 31, 2018 - None).

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

5. SEGMENT REPORTING

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

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

	December 31, 2019			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	5.755.946	6.492.670	(3.606)	12.245.010
Cost of sales (-)	(3.406.753)	(4.635.995)	4.338	(8.038.410)
Gross profit	**2.349.193**	**1.856.675**	**732**	**4.206.600**
Operating expenses (-)	(1.584.979)	(1.087.291)	70.533	(2.601.737)
Other operating income / (expense), net	406.092	(59.352)	(430.452)	(83.712)
Profit from operations	**1.170.306**	**710.032**	**(359.187)**	**1.521.151**
Gain from investing activities	48.751	4.046	(38.413)	14.384
Loss from investing activities (-)	(55.578)	(8.594)	52.797	(11.375)
Gain / (loss) from joint ventures	-	(361)	-	(361)
Profit before financial income / (expense)	**1.163.479**	**705.123**	**(344.803)**	**1.523.799**
Financial income	411.689	44.039	(19.582)	436.146
Financial expense (-)	(780.902)	(183.853)	193.737	(771.018)
Profit before tax	**794.266**	**565.309**	**(170.648)**	**1.188.927**
Tax income / (expense)	(6.586)	(176.802)	(63.293)	(246.681)
Net profit or (loss)	**787.680**	**388.507**	**(233.941)**	**942.246**
Non-controlling interest	-	(23.523)	-	(23.523)
Equity holders of the parent	**787.680**	**412.030**	**(233.941)**	**965.769**
Purchase of property, plant, equipment and intangible asset	**294.563**	**471.424**	**-**	**765.987**
Amortization expense of right of use asset	33.888	15.370		49.258
Depreciation and amortization expenses	191.826	454.381	(879)	645.328
Other non-cash items	30.451	37.737	(1.180)	67.008
Earnings before interest and tax (EBITDA)	**1.426.471**	**1.217.520**	**(361.246)**	**2.282.745**

	December 31, 2019			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**7.686.581**	**8.601.408**	**(328.234)**	**15.959.755**
Total Liabilities	**5.588.406**	**3.214.021**	**(212.021)**	**8.590.406**

As of December 31, 2019, the portion of Almaty CC in the consolidated net revenue and total assets is 15% and 10% respectively.

As of December 31, 2019, the portion of CCBPL in the consolidated net revenue and total assets is 18% and 15% respectively.

As of December 31, 2018, the portion of Almaty CC in the consolidated net revenue and total assets is 12% and 9% respectively.

As of December 31, 2018, the portion of CCBPL in the consolidated net revenue and total assets is 23% and 16% respectively.

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

5. SEGMENT REPORTING (continued)

	December 31, 2018			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	4.690.050	5.934.745	(1.410)	10.623.385
Cost of sales (-)	(2.890.781)	(4.206.501)	999	(7.096.283)
Gross profit	1.799.269	1.728.244	(411)	3.527.102
Operating expenses (-)	(1.311.013)	(1.043.607)	56.988	(2.297.632)
Other operating income / (expense), net	401.707	29.492	(392.106)	39.093
Profit / (loss) from operations	889.963	714.129	(335.529)	1.268.563
Gain from investing activities	3.065	8.791	(3.686)	8.170
Loss from investing activities (-)	(3.687)	(17.465)	3.686	(17.466)
Gain / (loss) from joint ventures	-	(882)	-	(882)
Profit before financial income/(expense)	889.341	704.573	(335.529)	1.258.385
Financial income	1.855.402	60.792	(30.683)	1.885.511
Financial expense (-)	(2.749.705)	(248.032)	399.721	(2.598.016)
Profit before tax	(4.962)	517.333	33.509	545.880
Tax income / (expense)	35.059	(131.516)	(97.991)	(194.448)
Net profit or (loss)	30.097	385.817	(64.482)	351.432
Non-controlling interest	-	23.879	6.367	30.246
Equity holders of the parent	30.097	361.938	(70.849)	321.186
Purchase of property, plant, equipment and intangible asset	324.472	533.174	-	857.646
Amortization expense of right of use asset	21.847	12.791	-	34.638
Depreciation and amortization expenses	171.796	427.706	(872)	598.630
Other non-cash items	4.621	16.519	(3.976)	17.164
Earnings before interest and tax (EBITDA)	1.088.227	1.171.145	(340.377)	1.918.995

	December 31, 2018			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	6.694.699	7.762.190	(302.273)	14.154.616
Total Liabilities	4.934.249	2.913.441	(117.164)	7.730.526

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

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

As of December 31, 2019, and 2018, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	December 31, 2019	December 31, 2018
Profit / (loss) from operations	**1.521.151**	1.268.563
Depreciation and amortization (Note 32)	**645.328**	598.630
Provision for employee benefits (Note 26)	**39.925**	20.254
Foreign exchange gain / (loss) under other operating income / (expense) (Note 33)	**27.083**	(3.090)
Amortization expense of Right of Use Asset	**49.258**	34.638
EBITDA	**2.282.745**	1.918.995

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

6. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash on hand	**3.114**	2.143
Cash in banks		
-Time	**2.394.267**	1.857.359
-Demand	**413.445**	425.143
Cheques	**11.982**	5.089
	2.822.808	2.289.734

As of December 31, 2019, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 1.548.077, existed for periods varying between 1 day to 73 days (December 31, 2018 - TL 1.246.056, 1 day to 51 days) and earned interest between %0,10 - %11,25 (December 31, 2018 - 0,20% - 8,00%).

As of December 31, 2019, time deposits in local currency amounting to TL 846.190 existed for periods between 2 days and 76 days (December 31, 2018 - TL 611.303, 2 days to 39 days) and earned interest between %7,60 - %14,10 (December 31, 2018 - 21,10% - 24,50%).

As of December 31, 2019, there is TL 10.303 (December 31, 2018 - TL 9.692) of interest income accrual on time deposits with maturities less than 3 months. As of December 31, 2019, and 2018, the fair values of cash and cash equivalents are equal to book value.

As of December 31, 2019, there are no time deposits reserved for 2020 raw materials purchases (December 31, 2018 - TL 789.135, equivalent to USD 150 million).

7. INVESTMENTS

	December 31, 2019	December 31, 2018
Time deposits with maturities more than 3 months	**109.962**	21.163
	109.962	21.163

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

As of December 31, 2018, time deposits with maturities over 3 months are composed of USD and KZT with 31 and 361 days' maturity and have 1,00% - 4,50% interest rates for USD, 11,00% for KZT.

8. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

As of December 31, 2018, the Company has 4 aluminium swap transactions with a total nominal amount of TL 153.639 for 14.234 tones. The total of these aluminium swap contracts is designated as hedging instruments as of July 19, 2018 and October 11, 2018, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the year 2019.

As of December 31, 2019, the Company holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD 24 million, due December 1, 2020. Total option value of this hedge transaction is TL 2.557 and total nominal value is TL 142.565.

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TL 27.443, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts are made for hedging the high probability purchases of resin, exposed to foreign currency risk.

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

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

As of December 31, 2019, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TL 108.028, for a forward purchase contract amounting USD 18 million. The total of these FX forward contracts are made for hedging the foreign exchange value of loan repayments exposed to foreign currency risk.

As of December 31, 2019, the Company has a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TL 321.030. (December 31, 2018 – 219.135 TL)

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

	December 31, 2019		December 31, 2018	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**4.545**	**202**	153.639	(13.485)
Forward contracts assets/(liabilities)	**276.633**	**(1.147)**	-	-
	281.178	**(945)**	153.639	(13.485)

9. BORROWINGS

	December 31, 2019	December 31, 2018
Short-term borrowings	**445.370**	210.448
Current portion of long-term borrowings and bond issued	**996.305**	706.358
Total short-term borrowings	**1.441.675**	916.806
Long-term borrowings and bond issued	**3.825.175**	4.022.525
Total borrowings	**5.266.850**	4.939.331

As of December 31, 2019, there is interest expense accrual amounting to TL 47.600 on total amount of borrowings (December 31, 2018 - TL 44.337).

As of December 31, 2019, net interest expense on cross currency swap contract is amounting to TL 41.150 (December 31, 2018- TL 44.990).

The Group has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of December 31, 2019 and 2018 are as follows:

	December 31, 2019		December 31, 2018	
	Short-term	**Long-term**	Short-term	Long-term
USD	**761.108**	**2.798.620**	232.752	2.883.233
EUR	**476.045**	**456.555**	450.199	564.260
TL	**8.473**	**570.000**	16.285	570.000
Pakistan Rupee	**176.454**	**-**	195.899	-
Kazakh Tenge	**5.757**	**-**	14.054	5.032
Jordanian Dinar	**13.838**	**-**	7.617	-
	1.441.675	**3.825.175**	916.806	4.022.525

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

9. BORROWINGS (continued)

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

	December 31, 2019	December 31, 2018
Short-term		
USD denominated borrowings	**(%3,85) - (6M Libor + %2,50)**	(%3,00) - (%4,70)
EURO denominated borrowings	**(%1,40) - (3M Euribor + %2,75)**	(3M Euribor + %0,90) - (3M Euribor + %2,75)
Jordanian Dinar denominated borrowings	**(%7,50)**	(%9,63)
Pakistan Rupee denominated borrowings	**(1M Kibor - %0,10) - (3M Kibor + %0,50)**	(3M Kibor + %0,50) - (1M Kibor + %0,30)
KZT denominated borrowings	**(%6,00)**	(%6,00)
Long-term		
USD denominated borrowings	**(%4,22) - (6M Libor + %2,50)**	(%3,85) - (%4,44)
EUR denominated borrowings	**(6M Euribor + %1,60) - (3M Euribor + %2,75)**	(6M Euribor + %1,50) - (3M Euribor + %2,75)
KZT denominated borrowings	**-**	(%6,00)
TL denominated borrowings	**(%11,74)**	(%11,74)

Repayment plans of long-term borrowings as of December 31, 2019 and 2018 are scheduled as follows (including current portion of long-term borrowings):

	December 31, 2019	December 31, 2018
2019	**-**	706.358
2020	**996.305**	574.223
2021	**97.144**	85.475
2022	**112.010**	98.091
2023	**837.410**	740.095
2024	**2.778.611**	2.524.641
	4.821.480	4.728.883

Net debt reconciliation

Movements of net debt as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	**2.822.808**	2.289.734
Borrowings – repayable within one year	**(1.441.675)**	(916.806)
Borrowings – repayable after one year	**(3.825.175)**	(4.022.525)
	(2.444.042)	(2.649.597)
Cash and cash equivalents	**2.822.808**	2.289.734
Borrowings – repayable within one year (Note 39)	**(4.195.588)**	(3.729.104)
Borrowings – repayable after one year (Note 39)	**(1.071.262)**	(1.210.227)
	(2.444.042)	(2.649.597)

	December 31, 2019	December 31, 2018
Financial borrowing as of January 1st	**4.939.331**	5.985.393
Proceeds from borrowings	*1.289.319*	1.095.143
Repayments of borrowings	*(1.474.225)*	(4.503.218)
Foreign exchange gain / (loss) from foreign currency denominated borrowings	*472.373*	2.241.142
Cash flows	**287.467**	(1.166.933)
Interest expense	*317.390*	*392.479*
Interest paid	*(314.969)*	*(389.334)*
Changes in interest accruals	**2.421**	3.145
Currency translation adjustment	37.631	117.726
Financial borrowing as of December 31th	**5.266.850**	4.939.331

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

9. BORROWINGS (continued)

Financial Lease Payable

As of December 31, 2019, net present value of assets under finance lease is amounting to TL 2.350 with following lease payables (December 31, 2018 – TL 4.134).

	December 31, 2019	December 31, 2018
Less than 1 year	**1.914**	1.893
Next 1-3 years	**479**	2.366
Minimum lease payable	**2.393**	4.259
Lease interest	**(43)**	(125)
Finance lease liability	**2.350**	4.134
Less than 1 year	**1.874**	1.810
Next 1-3 years	**476**	2.324
Net present value of finance lease payables	**2.350**	4.134

Lease Payables

As of December 31, 2019, net present value of liabilities under lease payables is amounting to TL 222.242. Movement tables of lease payables as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Balance as of January 1st	**160.820**	157.736
Increase in lease payables	**90.524**	41.977
Payments during period	**(47.262)**	(60.830)
Interest expense of lease payables	**15.564**	8.710
Foreign exchange gain/(loss)	**2.596**	13.227
Balance at the end of period	**222.242**	160.820

10. OTHER FINANCIAL LIABILITIES

None (December 31, 2018 - None).

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

11. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2019	December 31, 2018
Trade receivables	**755.256**	661.800
Cheques receivables	**10.914**	13.757
Less: Allowance for expected credit loss	**(66.369)**	(51.523)
	699.801	624.034

As of December 31, 2019, and 2018 allowance for expected credit loss movement is as following:

	December 31, 2019	December 31, 2018
Balance at January 1,	**51.523**	40.052
Current year provision	**16.889**	10.172
Reversals from provision	**(1.934)**	(1.377)
Write-offs from doubtful receivables	**(2.601)**	(1.915)
Currency translation difference	**2.492**	4.591
	66.369	51.523

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables over 60 and/or 90 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As of December 31, 2019, and 2018 aging of receivables table is as following:

	Neither past due nor impaired	Past due receivables (Days)					
December 31, 2019		***<30***	***31-60***	***61-90***	***91-180***	***>180***	Total
Accounts receivable	**600.367**	**59.596**	**7.686**	**6.478**	**3.726**	**11.034**	**688.887**
Cheques receivables	**10.914**	**-**	**-**	**-**	**-**	**-**	**10.914**
	611.281	**59.596**	**7.686**	**6.478**	**3.726**	**11.034**	**699.801**
December 31, 2018							
Accounts receivable	514.371	44.953	15.956	17.207	5.796	11.994	610.277
Cheques receivables	13.757	-	-	-	-	-	13.757
	528.128	44.953	15.956	17.207	5.796	11.994	624.034

Trade Payables

	December 31, 2019	December 31, 2018
Suppliers	**1.044.131**	966.220
	1.044.131	966.220

Nature and level of risks arising from trade receivables and payables are disclosed under Note 39.

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

12. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	December 31, 2019	December 31, 2018
Due from personnel	**10.133**	8.578
Deposits and guarantees given	**1.068**	4.336
Receivable from tax office and other official receivables	**14.675**	13.747
Other	**1.179**	5.680
	27.055	32.341

Other Payables

	December 31, 2019	December 31, 2018
Deposits and guarantees	**258.968**	226.066
Taxes and duties payable	**100.453**	56.960
Other	**13.890**	5.077
	373.311	288.103

13. PREPAID EXPENSES

a) Short term prepaid expenses

	December 31, 2019	December 31, 2018
Prepaid marketing expenses	**119.183**	108.242
Prepaid insurance expenses	**13.021**	11.108
Prepaid rent expenses	**6.797**	6.485
Prepaid other expenses	**15.401**	12.889
Advances given	**76.569**	52.391
	230.971	191.115

b) Long term prepaid expenses

	December 31, 2019	December 31, 2018
Prepaid marketing expenses	**210.425**	218.568
Prepaid rent expenses	**22.409**	29.245
Prepaid other expenses	**320**	317
Advances given	**10.246**	10.346
	243.400	258.476

14. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2018 - None).

15. INVENTORIES

	December 31, 2019	December 31, 2018
Finished goods	**263.693**	209.337
Raw materials	**442.238**	441.589
Packaging materials	**66.392**	58.687
Goods in transit	**80.963**	76.937
Other materials	**30.204**	25.452
Less: reserve for obsolescence (-)	**(11.925)**	(8.050)
	871.565	803.952

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

15. INVENTORIES (continued)

As of December 31, 2019, and 2018 reserve for obsolescence movement is as following, net gain recorded during year is TL 3.633 (December 31, 2018 net loss is amounting to TL 12.198).

	December 31, 2019	December 31, 2018
Balance at January 1,	**8.050**	16.235
Current year provision - reversal, net	**7.065**	(6.901)
Inventories written off	**(3.432)**	(5.297)
Currency translation difference	**242**	4.013
	11.925	8.050

16. BIOLOGICAL ASSETS

None (December 31, 2018 - None).

17. RECEIVABLE AND PAYABLE FROM CONSTRUCTION CONTRACTS

None (December 31, 2018 - None).

18. INVESTMENT IN JOINT VENTURES

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

As of December 31, 2019, and 2018 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	**December 31, 2019**	December 31, 2018
Total Assets	**1.380**	1.227
Total Liabilities	**9.317**	7.587
Equity	**(7.937)**	(6.359)

SSDSD	**December 31, 2019**	December 31, 2018
Revenue	**-**	-
Net Loss	**(722)**	(1.764)
Group’s share in loss	**(361)**	(882)

19. INVESTMENT PROPERTY

None (December 31, 2018 - None).

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

20. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Net book value at December 31, 2017	1.624.894	2.540.024	65.781	51.735	867.468	834	107.227	5.257.963
Additions	6.080	95.734	13.036	10.748	272.108	-	453.479	851.185
Disposals, net	(4.339)	(4.480)	(7.676)	(217)	(6.411)	-	-	(23.123)
Transfers	95.791	140.426	374	1.839	95.666	-	(334.096)	-
Provision and reverse for impairment	-	287	-	-	(17.753)	-	-	(17.466)
Currency translation adjustment	306.504	491.943	17.229	6.320	112.558	-	70.940	1.005.494
Depreciation charge for the current year	(56.325)	(220.505)	(17.450)	(13.991)	(276.431)	(267)	-	(584.969)
Net book value at December 31, 2018	1.972.605	3.043.429	71.294	56.434	1.047.205	567	297.550	6.489.084
Net book value at December 31, 2018	**1.972.605**	**3.043.429**	**71.294**	**56.434**	**1.047.205**	**567**	**297.550**	**6.489.084**
Additions	**29.426**	**190.585**	**5.810**	**5.523**	**224.045**	**-**	**261.944**	**717.333**
Disposals, net	**(14.558)**	**(8.993)**	**(3.140)**	**4.569**	**(7.746)**	**-**	**-**	**(29.868)**
Transfers	**101.345**	**129.136**	**-**	**(2.423)**	**117.761**	**-**	**(421.443)**	**(75.624)**
Provision and reverse for impairment	**-**	**96**	**-**	**-**	**(6.020)**	**-**	**-**	**(5.924)**
Currency translation adjustment	**146.346**	**202.722**	**6.941**	**2.478**	**46.124**	**-**	**31.396**	**436.007**
Depreciation charge for the current year	**(63.059)**	**(244.730)**	**(13.489)**	**(15.346)**	**(295.071)**	**(73)**	**-**	**(631.768)**
Net book value at December 31, 2019	**2.172.105**	**3.312.245**	**67.416**	**51.235**	**1.126.298**	**494**	**169.447**	**6.899.240**
At December 31, 2017								
Cost	1.461.751	3.414.433	135.967	118.291	2.395.337	12.335	103.023	7.641.137
Accumulated depreciation	(323.547)	(1.701.063)	(123.056)	(80.060)	(1.693.562)	(11.850)	-	(3.933.138)
Accumulated provision for impairment	(9.687)	(64.038)	(859)	16	(63.436)	-	-	(138.004)
Currency translation adjustment	844.088	1.394.097	59.242	18.187	408.866	82	194.527	2.919.089
Net book value at December 31, 2018	1.972.605	3.043.429	71.294	56.434	1.047.205	567	297.550	6.489.084
At December 31, 2018								
Cost	**1.577.964**	**3.725.161**	**138.637**	**125.960**	**2.729.397**	**12.335**	**(56.476)**	**8.252.978**
Accumulated depreciation	**(386.606)**	**(1.945.793)**	**(136.545)**	**(95.406)**	**(1.988.633)**	**(11.923)**	**-**	**(4.564.906)**
Accumulated provision for impairment	**(9.687)**	**(63.942)**	**(859)**	**16**	**(69.456)**	**-**	**-**	**(143.928)**
Currency translation adjustment	**990.434**	**1.596.819**	**66.183**	**20.665**	**454.990**	**82**	**225.923**	**3.355.096**
Net book value at December 31, 2019	**2.172.105**	**3.312.245**	**67.416**	**51.235**	**1.126.298**	**494**	**169.447**	**6.899.240**

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

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment Loss

As of December 31, 2019, the Group had provided impairment losses amounting to TL 5.924 (December 31, 2018 - TL 17.466) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for "Out of Use" tangible assets. (Note 33)

For the year ended December 31, 2019, there isn't any capitalized borrowing costs on construction in progress (December 31, 2018 - None).

Right of Use Asset

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

The right of use asset is initially recognized at cost comprising of:
a) amount of the initial measurement of the lease liability;
b) any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:
a) after netting-off depreciation and reducing impairment losses from right of use asset,
b) adjusted for certain re-measurements of the lease liability recognized at the present value

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

For the six months ended December 31, 2019 and 2018, balances and depreciation and amortization expenses of right of use assets are as follows:

	December 31, 2018	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	December 31, 2019
Land and Buildings	102.469	22.987	(3.531)	1.700	(14.395)	109.230
Machinery and Equipment	4.941	9.216	-	20	(5.816)	8.361
Vehicles	18.029	88.726	(7.910)	796	(26.302)	73.339
Furniture and Fixtures	5.923	203	-	60	(2.745)	3.441
	131.362	**121.132**	**(11.441)**	**2.576**	**(49.258)**	**194.371**

	December 31, 2017	Additions	Disposals, net	Currency translation	Depreciation charge for the current year	December 31, 2018
Land and Buildings	98.463	6.729	-	11.130	(13.853)	102.469
Machinery and Equipment	7.208	-	-	(0)	(2.267)	4.941
Vehicles	28.547	4.120	(54)	1.288	(15.872)	18.029
Furniture and Fixtures	4.725	3.804	-	40	(2.646)	5.923
		-	-	-	-	
	138.943	14.653	(54)	12.458	(34.638)	131.362

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

21. INTANGIBLE ASSETS

	January 1, 2019	**Additions/ (Amortization)**	**Disposals**	**Transfers**	**Currency translation adjustment**	**December 31, 2019**
Cost						
Water sources usage right	**33.660**	**-**	**-**	**-**	**-**	**33.660**
Bottlers and distribution agreements	**1.809.222**	**-**	**-**	**-**	**192.061**	**2.001.283**
Construction in progress	**-**	**40.821**	**-**	**19.365**	**-**	**60.186**
Other Rights	**121.412**	**7.833**	**(618)**	**56.259**	**3.811**	**188.697**
Less: Accumulated amortization						
Water sources usage right	**(33.660)**	**-**	**-**	**-**	**-**	**(33.660)**
Other Rights	**(61.199)**	**(13.560)**	**-**	**-**	**(992)**	**(75.751)**
Net book value	**1.869.435**	**35.094**	**(618)**	**75.624**	**194.880**	**2.174.415**

	January 1, 2018	Additions/ (Amortization)	Disposals	Currency translation adjustment	December 31, 2018
Cost					
Water sources usage right	33.660	-	-	-	33.660
Bottlers and distribution agreements	1.446.587	-	-	362.635	1.809.222
Other Rights	108.372	6.461	(2.490)	9.069	121.412
Less: Accumulated amortization					
Water sources usage right	(32.187)	(1.473)	-	-	(33.660)
Other Rights	(49.275)	(12.188)	2.490	(2.226)	(61.199)
Net book value	1.507.157	(7.200)	-	369.478	1.869.435

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

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

22. GOODWILL

As of December 31, 2019, and 2018 movements of goodwill are as follows:

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

	January 1, 2018	Currency Translation Difference	December 31, 2018
Cost	787.306	100.054	887.360
Impairment reserve	(67.914)	-	(67.914)
Net book value	719.392	100.054	819.446

As of December 31, 2019, and 2018 operating segment distribution of goodwill is presented below:

	Domestic	**International**	**Consolidated**
2019	**-**	**843.828**	**843.828**
2018	-	819.446	819.446

23. GOVERNMENT INCENTIVES

As of December 31, 2019, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 259.308 (December 31, 2018, TL 205.441) with a total tax advantage of TL 72.855 (December 31, 2018, TL 41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 3.149 (December 31, 2018, TL 2.119).

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey

Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in 214 litigations arising in the ordinary course of business as of December 31, 2019 with an amount of TL 11.532 (December 31, 2018 – 210 litigations, TL 8.714). As of December 31, 2019, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status or liquidity.

Guarantee Letters

As of December 31, 2019, the aggregate amount of letter of guarantees provided to banks are TL 124.208 (December 31, 2018 - TL 228.205).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of December 31, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR 1.478 million, equivalent to USD 9,5 million (December 31, 2018 - PKR 1.472 million, equivalent to USD 10,6 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of December 31, 2019, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 20.916 (December 31, 2018 - TL 18.524) and TL 102.295 (December 31, 2018 - TL 101.162) respectively, for the credit lines obtained.

Letter of Credit

As of December 31, 2019, CCBPL obtained letter of credits amounting to EUR 1,1 million and CNY 31,9 million. (December 31, 2018 - CCBPL USD 1,0 million, EUR 3,7 million and CNY 139,7 million).

Guarantee Letters

As of December 31, 2019, total amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 13.231 (December 31, 2018 - TL 12.881).

As of December 31, 2019, and 2018 total guarantees and pledges given by the Group are as follows:

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

	December 31, 2018					
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	347.892	226.908	13	204	2.667.000	18.524
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	616.390	-	-	85.121	2.222.331	18.987
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	964.282	226.908	13	85.325	4.889.331	37.511
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

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

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

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve. The various legislation and regulations are not always clearly written, and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

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

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

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to USD 22,6 million) additional tax payment from CCBPL, by arguing that “Sales and Excise Tax” should be applied retrospectively by considering the period before the cancellation of “Capacity Tax” application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favourable (December 31, 2018 - PKR 3.505 million, equivalent to USD 25,3 million).

25. COMMITMENTS

Murabaha

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

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank (“Banks”). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2018, CCBPL has USD 4,5 million sugar purchase commitment to the Banks until the end of April 2019, has USD 25,3 million sugar purchase commitment to the Banks until the end of December 2019, and has USD 17 million resin purchase commitment to the Banks until the end of November 2019.

26. EMPLOYEE BENEFITS

As of December 31, 2019, and 2018, payables related to employee benefits amounts to TL 44.548 and TL 34.743 respectively and are comprised of payables for wages and salaries, social security premiums and withholding taxes.

a) Short term employee benefits

	December 31, 2019	December 31, 2018
Management premium accrual	**16.338**	12.784
Vacation pay accrual	**11.407**	10.788
Wages and salaries	**30.767**	34.679
	58.512	58.251

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

26. EMPLOYEE BENEFITS (continued)

As of December 31, 2019, and 2018, movements of the management premium accrual are as follows:

	December 31, 2019	December 31, 2018
Balance at January 1,	**12.784**	18.651
Payments made	**(61.264)**	(53.579)
Current year charge	**64.642**	44.372
Reversals made	**(286)**	-
Currency translation difference	**462**	3.340
	16.338	12.784

As of December 31, 2019, and 2018, movements of the vacation pay accrual are as follows:

	December 31, 2019	December 31, 2018
Balance at January 1,	**10.788**	9.464
Payments made	**(1.149)**	(1.037)
Reversals made	**(563)**	(2.567)
Current year charge	**1.674**	3.598
Currency translation difference	**657**	1.330
	11.407	10.788

b) Long term employee benefits

As of December 31, 2019, and 2018, details of long-term employee benefits are as follows:

	December 31, 2019	December 31, 2018
Employee termination benefits	**116.249**	80.266
Long term incentive plan accrual	**2.172**	2.282
	118.421	82.548

As of December 31, 2019, and 2018, the movements of long-term incentive plan provisions are as follows:

	December 31, 2019	December 31, 2018
Balance at January 1,	**2.282**	2.441
Payments made	**(8.164)**	(16.779)
Current year charge	**8.295**	18.087
Currency translation difference	**(241)**	(1.467)
	2.172	2.282

Employee Termination Benefits

In accordance with the existing social legislation, the Company and its subsidiaries operating in Turkey are required to make lump-sum payments to employees who have completed at least one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated based on 30 days' pay and limited to a maximum of TL 6,38 as of December 31, 2019 (December 31, 2018 - TL 5,43) per year of employment at the rate of pay applicable on the date of retirement or termination.

Starting from January 1, 2020, retirement pay liability ceiling increased to TL 6,73.

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

26. EMPLOYEE BENEFITS (continued)

The movement of the defined benefit obligation recognized in the consolidated balance sheet is as follows:

	December 31, 2019	December 31, 2018
At January 1,	**80.266**	69.866
Interest expense	**4.696**	1.939
Benefit payments	**(13.963)**	(9.108)
Current year service charge	**34.118**	17.284
Actuarial gain/(loss)	**10.217**	87
Currency translation adjustment	**915**	198
	116.249	80.266

In the scope of defined benefit plan, actuarial gains / (losses) under short term employee benefits and employee termination benefits were reflected to consolidated comprehensive income statement as of December 31, 2019, and 2018 with an amount of TL 7.516 loss and TL 554 gain respectively.

27. POST-RETIREMENT BENEFIT PLANS

None (December 31, 2018 - None).

28. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	December 31, 2019	December 31, 2018
VAT receivables	**268.873**	283.447
Other	**13.803**	14.619
	282.676	298.066

b) Other Non-Current Assets

None (December 31, 2018 - TL 643).

c) Other Current Liabilities

	December 31, 2019	December 31, 2018
Advance received	**31.418**	20.430
Put option of share from non-controlling interest	**14.019**	12.416
Other	**15.912**	17.279
	61.349	50.125

The obligation of TL 14.019 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities.

d) Other Non-Current Liabilities

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V (December 31, 2018 %19,97). This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 209.204 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2018-TL 198.020).

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

29. EQUITY

Share Capital

	December 31, 2019	December 31, 2018
Common shares 1 Kr par value		
Authorized and issued (units)	**25.437.078.200**	25.437.078.200

Legal reserves

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

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

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

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

As of December 31, 2019, and 2018 breakdown of the equity of the Company in its tax books is as follows.

	December 31, 2019			December 31, 2018		
	Historical Amount	**Inflation Restatement Differences**	**Restated Amount**	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	**254.371**	**(8.559)**	**245.812**	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	**170.648**	**13.396**	**184.044**	141.904	13.396	155.300
Extraordinary Reserves	**237.394**	**9.551**	**246.945**	456.393	9.551	465.944

Dividends

After the deduction of the fiscal year net loss and statutory liabilities, it’s approved to distribute cash dividends TL 101.000 from 2018 net income and TL 199.158 from extraordinary reserves amounting to total of TL 300.158 gross dividend (TL 1,18 (full) was paid per 100 shares, representing TL 1 nominal value) starting from May 31, 2019. The remainder of 2018 net income will be added to the extraordinary reserves.

In year 2018 the Group paid dividends to its shareholders with an amount of TL 230.293 (TL 0,787 (full) was paid per 100 shares, representing TL 1 nominal value).

The Company’s wholly owned subsidiary CCSD distributed total gross dividend amounting to TL 16 (TL 16,68 (full) was paid per 100 shares, representing TL 1 nominal value).

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

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

30. CONTINUING OPERATIONS

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

a) Net Revenue	**December 31, 2019**	December 31, 2018
Gross sales	**21.232.655**	17.259.615
Sales discounts	**(7.923.614)**	(5.686.770)
Other discounts	**(1.064.031)**	(949.460)
	12.245.010	10.623.385

b) Cost of Sales	**December 31, 2019**	December 31, 2018
Raw material cost	**6.863.360**	6.029.483
Depreciation and amortization	**346.518**	337.076
Personnel expenses	**335.791**	284.654
Other expenses	**492.741**	445.070
	8.038.410	7.096.283

31. OPERATING EXPENSES

a) General administrative expenses	**December 31, 2019**	December 31, 2018
Personnel expenses	**302.608**	237.734
Depreciation on property, plant and equipment	**41.416**	48.965
Consulting and legal fees	**30.832**	27.839
Utilities and communication expenses	**10.828**	10.981
Provision for doubtful receivables (Note 11)	**16.889**	10.172
Repair and maintenance expenses	**4.011**	3.513
Rent expense	**9.045**	9.420
Other	**110.854**	92.321
	526.483	440.945

b) Selling, distribution and marketing expenses	**December 31, 2019**	December 31, 2018
Marketing and advertising expenses	**586.193**	548.206
Personnel expenses	**480.099**	415.039
Transportation expenses	**492.149**	441.266
Depreciation on property, plant and equipment	**279.577**	242.554
Maintenance expenses	**54.117**	48.079
Utilities and communication expenses	**38.927**	38.680
Rent expenses	**8.041**	11.375
Other	**136.151**	111.488
	2.075.254	1.856.687

32. EXPENSES BY NATURE

a) Depreciation and amortization expenses	**December 31, 2019**	December 31, 2018
Property, plant and equipment		
Cost of sales	**344.302**	334.724
Selling, distribution, marketing and general administrative expenses	**260.391**	245.572
Inventory	**3.816**	3.396
Other operating expense	**23.259**	1.277
Intangible assets		
Cost of sales	**96**	1.799
Selling, distribution, marketing and general administrative expenses	**13.464**	11.862
Right of Use Asset		
Cost of sales	**2.120**	553
Selling, distribution, marketing and general administrative expenses	**47.138**	34.085
	694.586	633.268

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

32. EXPENSES BY NATURE (continued)

b) Employee Benefits	December 31, 2019	December 31, 2018
Personnel expenses		
Wages and salaries	**898.338**	784.035
Social security premium expenses	**69.762**	62.422
Employee termination benefits	**38.814**	19.223
Other	**111.584**	71.747
	1.118.498	937.427

33. OTHER INCOME / EXPENSE

a) Other operating income / expense	December 31, 2019	December 31, 2018
Other operating income		
Gain on sale of scrap materials	**23.785**	31.495
Insurance compensation income	**231**	405
Foreign exchange gain	**45.832**	73.450
Other income	**57.673**	31.168
	127.521	136.518
Other operating expense		
Donations	**(4.063)**	(1.588)
Foreign exchange loss	**(72.915)**	(70.360)
Administrative fines (*)	**(71.327)**	(897)
Idle Time Expense	**(23.259)**	(1.277)
Other expenses	**(39.669)**	(23.303)
	(211.233)	(97.425)

(*) Administrative fines applied in Turkmenistan were related to arguments on regulatory applications and due to validity of various production licences and certificates

b) Gain / (Loss) from Investing Activities	December 31, 2019	December 31, 2018
Gain from Investing Activities		
Gain on Put Option Revaluation	**14.384**	-
Gain on disposal of property, plant and equipment	**-**	8.170
	14.384	8.170
Loss from Investing Activities		
Loss on disposal of property, plant and equipment	**(5.451)**	-
Impairment reversal in property, plant and equipment (Note 20)	**(5.924)**	(17.466)
	(11.375)	(17.466)

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

34. FINANCIAL INCOME / EXPENSE

a) Financial Income	31 Aralık 2019	31 Aralık 2018
Interest income	**146.134**	215.825
Foreign exchange gain	**287.455**	1.669.686
Derivative transaction gain (Note 8)	**2.557**	-
	436.146	1.885.511

b) Financial Expense	31 Aralık 2019	31 Aralık 2018
Interest loss	**(301.729)**	(383.631)
Foreign exchange loss	**(453.628)**	(2.205.537)
Interest expense of lease payables	**(15.661)**	(8.848)
	(771.018)	(2.598.016)

As of December 31, 2019, and 2018 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	December 31, 2019	December 31, 2018
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(472.373)**	(2.241.142)

35. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS

None (December 31, 2018 - None).

36. TAX RELATED ASSETS AND LIABILITIES

General information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 22% (December 31, 2018 - 22%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.
Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth month. The tax legislation provides for a provisional tax of 22% (2018 - 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of 5 years.

The reconciliation of current period tax charge for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Income before tax and non-controlling interest	**1.188.927**	545.880
Provision for corporate tax (22%)	**(261.564)**	(120.094)
Effect of not deductible (taxable) amounts in taxable income		
Effect of difference in the tax rate from subsidiaries	**(10.276)**	1.905
Deductions after non-deductible expenses	**(1.136)**	(1.230)
Unused investment incentive	**31.646**	2.010
Deferred tax effect of translation on non-monetary items	**(12.413)**	(37.846)
Effect of carried tax losses	**(13.805)**	(31.305)
Other	**20.867**	(7.888)
Total tax charge	**(246.681)**	(194.448)

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

36. TAX RELATED ASSETS AND LIABILITIES (continued)

The breakdown of current period tax charge for the years ended December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Deferred tax expense	**34.326**	(27.169)
Current period tax expense	**(281.007)**	(167.279)
Total tax charge	**(246.681)**	(194.448)

Different corporate tax rates of foreign subsidiaries are as follows:

	December 31, 2019	December 31, 2018
Kazakhstan	**%20**	%20
Azerbaijan	**%20**	%20
Kyrgyzstan	**%10**	%10
Turkmenistan	**%8**	%8
Tajikistan	**%13**	%13
Jordan	**%14**	%14
Iraq	**%15**	%15
Pakistan	**%29**	%29

For the consolidated financial statements, subsidiaries financial statements have been translated into TL and the “translation differences” arising from such translation have been recorded in equity, under Currency Translation Adjustment. Since it’s not planned to sell any subsidiary share, these translation differences will not be reversed in the foreseeable future and not subject to deferred tax calculation in accordance with TAS 12, Income Taxes.

The list of temporary differences and the resulting deferred tax liabilities, as of December 31, 2019 and 2018 using the prevailing effective statutory tax rate is as follows:

	December 31, 2019		December 31, 2018	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(3.379.846)**	**(822.741)**	(2.825.961)	(715.420)
Right of Use Asset	**1.450**	**(13)**	9.897	2.812
Borrowings	**(23.243)**	**(4.939)**	(25.067)	(5.310)
Employee termination, other employee benefits and other payable accruals	**122.665**	**24.929**	93.004	18.895
Unused investment incentive	**259.308**	**72.855**	205.441	41.209
Carry forward tax loss	**628.559**	**147.596**	270.394	84.973
Trade receivables, payables and other	**136.142**	**29.142**	161.745	32.280
Derivative financial instruments	**(2.736)**	**(598)**	5.969	2.873
Inventory	**(40.105)**	**(7.374)**	(4.289)	(96)
	(2.297.806)	**(561.143)**	(2.108.867)	(537.784)
Deferred tax assets		**101.062**		10.911
Deferred tax liabilities		**(662.205)**		(548.695)
Deferred tax liability, net		**(561.143)**		(537.784)

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

As of December 31, 2019, and 2018, the movement of net deferred tax liability is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1,	**537.784**	406.267
Deferred tax expense / (income)	**(34.326)**	27.169
Tax expense recognized in comprehensive income	**(37.691)**	(90.297)
Currency translation adjustment	**95.376**	194.645
	561.143	537.784

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

36. TAX RELATED ASSETS AND LIABILITIES (continued)

The yearly breakdown of accumulated tax loss is as follows;

	December 31, 2019
2019	-
2020	-
2021	38.702
2022	-
2023	276.444
2024	92.811
Total	**407.957**

The number explained above is prepared for domestic companies, the remaining amounts don't have expiry dates.

37. EARNINGS / (LOSSES) PER SHARE

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

As of December 31, 2019, and 2018 earnings / (losses) per share is as follows:

	December 31, 2019	December 31, 2018
Net income for the period	**965.769**	321.186
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net Earnings Per Share (Full TL)	**0,0380**	0,0126

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

38. RELATED PARTY BALANCES AND TRANSACTIONS

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

	December 31, 2019				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
Related Parties and Shareholders				**Short Term**	**Long Term**
Anadolu Group Companies (1)	**293.401**	**32.435**	**87.980**	**2.839**	**-**
The Coca-Cola Company (1)	**105.268**	**2.730.726**	**105.737**	**386.677**	**61.059**
Özgörkey Holding Group Companies (1)	**889**	**23.296**	**10.049**	**129**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**6.028**	**-**	**-**
Doğadan (2)	**61.546**	**240.609**	**-**	**31.435**	**-**
Day Trade (2)	**-**	**-**	**-**	**16.037**	**-**
National Beverage Co. (3)	**-**	**1.582**	**-**	**-**	**-**
Total	**461.104**	**3.028.648**	**209.794**	**437.117**	**61.059**

	December 31, 2018				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
Related Parties and Shareholders				**Short Term**	**Long Term**
Anadolu Group Companies (1)	233.926	33.368	66.127	6.659	-
The Coca-Cola Company (1)	77.220	2.170.801	55.797	268.380	40.782
Özgörkey Holding Group Companies (1)	874	20.212	-	1.616	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	-	-	4.721	-	-
Doğadan (2)	68.239	247.488	-	35.448	-
Day Trade (2)	-	-	-	16.031	-
National Beverage Co. (3)	9.048	2.177	-	-	-
Total	389.307	2.474.046	126.645	328.134	40.782

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

As of December 31, 2019, and 2018, purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset and raw material purchases and toll production.

As of December 31, 2019, and 2018, sales to related parties and other revenues consist of sale of finished goods and support charges of promotional expenses reflected to related parties.

As of December 31, 2019, and 2018, remuneration received by the executive members of the Board of Directors, Chief Executive Officer, Chief Operating Officers and Directors of the Company are as follows:

	December 31, 2019		December 31, 2018	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**670**	**26.617**	564	20.659
Other long-term benefits	**-**	**5.052**	-	5.509
	670	**31.669**	564	26.168
Number of top executives	**4**	**13**	7	15

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

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

(a) Capital Management

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

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

As of December 31, 2019, and 2018 debt to equity ratio, obtained by dividing the total net debt to share capital is as follows:

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

	December 31, 2019	December 31, 2018
Borrowings	**5.491.442**	5.104.285
Less: Cash and cash equivalents and short-term financial assets	**(2.932.770)**	(2.310.897)
Net debt	**2.558.672**	2.793.388
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**10,06**	10,98

(b) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by balancing the interest rate of assets and liabilities or derivative financial instruments.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

As of December 31, 2019, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for March 31, 2020, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	December 31, 2019	December 31, 2018
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**482**	141
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**1.539**	1.976
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**331**	287
Total	**2.352**	2.404

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

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

As of December 31, 2019, and 2018, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	**December 31, 2019**	December 31, 2018
Financial instruments with fixed interest rate		
Time deposits	**2.504.229**	1.878.522
Financial liabilities (Note 9)	**4.195.588**	3.729.104
Financial instruments with floating interest rate		
Financial liabilities (Note 9)	**1.071.262**	1.210.227

(c) Foreign Currency Risk

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

	December 31, 2019	December 31, 2018
Total export	30.932	146.512
Total import	2.832.737	2.300.339

Foreign Currency Position

As of December 31, 2019, and 2018, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

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

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

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

	Foreign Currency Position Table					
	December 31, 2018					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	55.356	10.522	55.356	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.213.267	229.541	1.207.591	942	5.676	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	6.444	356	1.874	756	4.555	15
4. Current Assets (1+2+3)	**1.275.067**	**240.419**	**1.264.821**	**1.698**	**10.231**	**15**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.439	6	31	564	3.400	8
8. Non-Current Assets (5+6+7)	**3.439**	**6**	**31**	**564**	**3.400**	**8**
9. Total Assets (4+8)	**1.278.506**	**240.425**	**1.264.852**	**2.262**	**13.631**	**23**
10. Trade Payables and Due to Related Parties	448.803	81.040	426.341	3.545	21.368	1.094
11. Short-term Borrowings and Current Portion of Long - term Borrowings	682.951	44.242	232.752	74.685	450.199	-
12a. Monetary Other Liabilities	14.074	2.360	12.416	275	1.658	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.145.828**	**127.642**	**671.509**	**78.505**	**473.225**	**1.094**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	3.455.627	549.510	2.890.920	93.681	564.707	-
16 a. Monetary Other Liabilities	198.020	37.640	198.020	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**3.653.647**	**587.150**	**3.088.940**	**93.681**	**564.707**	-
18. Total Liabilities (13+17)	**4.799.475**	**714.792**	**3.760.449**	**172.186**	**1.037.932**	**1.094**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**1.479.781**	**281.279**	**1.479.781**	-	-	-
19a. Total Hedged Assets	1.479.781	281.279	1.479.781	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(2.041.188)**	**(193.088)**	**(1.015.816)**	**(169.924)**	**(1.024.301)**	**(1.071)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(3.530.852)**	**(474.729)**	**(2.497.502)**	**(171.244)**	**(1.032.256)**	**(1.094)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-

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

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2019		December 31, 2018	
	Income / (Loss)	**Income / (Loss)**	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Changes in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	**(258.865)**	**258.865**	(249.560)	249.560
2- USD denominated hedging instruments (-)	**189.685**	**(189.685)**	147.978	(147.978)
3- Net effect in USD (1+2)	**(69.180)**	**69.180**	(101.582)	101.582
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(94.557)**	**94.557**	(102.430)	102.430
5- Euro denominated hedging instruments (-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(94.557)**	**94.557**	(102.430)	102.430
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**(198)**	**198**	(107)	107
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**(198)**	**198**	(107)	107
TOTAL (3+6+9)	**(163.935)**	**163.935**	(204.119)	204.119

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

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

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

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

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

Credit risk exposure from financial instruments as of December 31, 2019 and 2018 are as follows:

	Receivables			
December 31, 2019	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**909.595**	**65.567**	**86.815**	**2.917.674**
- Maximum risk secured by guarantee	**672.224**	**-**	**27.107**	**-**
A. Net book value of financial assets neither overdue nor impaired	**820.226**	**65.567**	**86.815**	**2.917.674**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	**-**	**-**	**-**	**-**
C. Net book value of assets overdue but not impaired	**89.369**	-	-	-
-Under guarantee	**47.494**	-	-	-
D. Net book value of impaired assets	**-**	-	-	-
- Overdue (gross book value)	**66.369**	-	-	-
- Impairment (-)	**(66.369)**	-	-	-
- Net value under guarantee				
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

	Receivables			
December 31, 2018	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	750.679	70.354	62.737	2.308.754
- Maximum risk secured by guarantee	547.312	-	34.830	-
A. Net book value of financial assets neither overdue nor impaired	654.773	70.354	62.737	2.308.754
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	95.906	-	-	-
-Under guarantee	19.283	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	51.523	-	-	-
- Impairment (-)	(51.523)	-	-	-
- Net value under guarantee	**-**	**-**	**-**	**-**
- Not overdue (gross book value)	**-**	**-**	**-**	**-**
- Impairment (-)	**-**	**-**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**
E. Off- balance sheet items having credit risk	**-**	**-**	**-**	**-**

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

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

(e) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions, bond issues, cash and short-term deposits.

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

The table below summarizes the maturity profile of the Group's financial and liabilities at December 31, 2019 and 2018.

December 31, 2019 **Maturities according to agreement**	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Financial liabilities	**5.269.200**	**6.344.683**	**658.741**	**1.097.993**	**4.587.949**	**-**
Lease liabilities	**222.242**	**237.903**	**12.639**	**37.638**	**64.475**	**123.151**
Trade payables	**1.048.400**	**1.064.463**	**744.757**	**315.437**	**4.269**	**-**
Due to related parties	**498.176**	**498.618**	**332.124**	**105.435**	**61.059**	**-**
Other non-current liabilities	**209.204**	**209.204**	**-**	**-**	**209.204**	**-**
Non-derivative financial liabilities	**7.247.222**	**8.354.871**	**1.748.261**	**1.556.503**	**4.926.956**	**123.151**

Expected maturities	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Other Payables	**374.216**	**374.216**	**373.311**	**-**	**905**	**-**
Non-derivative financial liabilities	**374.216**	**374.216**	**373.311**	**-**	**905**	**-**

December 31, 2018 Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Financial liabilities	4.939.331	5.961.575	640.156	450.357	2.199.502	2.671.560
Lease liabilities	160.820	169.668	8.222	19.146	26.334	115.966
Trade payables	971.746	972.802	885.680	81.596	5.526	-
Due to related parties	368.916	368.916	267.323	60.811	40.782	-
Other non-current liabilities	198.020	198.020	-	-	198.020	-
Non-derivative financial liabilities	6.638.833	7.670.981	1.801.381	611.910	2.470.164	2.787.526

Expected maturities	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Other Payables	288.780	288.103	287.426	-	677	-
Non-derivative financial liabilities	288.780	288.103	287.426	-	677	-

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

(f) Commodity Price Risk

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

Based on a 12-month anticipated purchase of can, the Company hedges the purchase price using commodity (aluminium) swap contracts and aluminium swap call option (Note 8).

Based on a 12-month anticipated purchase of can, the Company hedges the purchase price using commodity (sugar) swap contracts and sugar swap call option (Note 8).

40. FINANCIAL INSTRUMENTS

Fair Values

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

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

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

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

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

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

40. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contain observable market inputs

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

December 31, 2018	Level 1	Level 2	
a) Assets presented at fair value			
Derivative financial instruments	-	-	-
Total assets	-	-	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	13.485	-
Buying option of share from non-controlling interest	12.416	-	198.020
Total liabilities	12.416	13.485	198.020

As of December 31, 2019, the movement of share purchase option below level 3 is as follows;

	31 Aralık 2019
Balance at January 1st	**198.020**
Change in option revaluation	**(14.384)**
Currency translation difference	**25.568**
End of period	**209.204**

41. SUBSEQUENT EVENTS

As presented in KAP declarations dated January 21, 2020, CCI held preliminary discussions with The Coca-Cola Company ("TCCC") to revisit the sales and distribution model of Dogadan brand, the non-ready to drink tea in CCI's portfolio. Dogadan is produced within the TCCC system while sales and distribution procedures are performed by CCI in Turkey and Azerbaijan according to Sales and Distribution agreement which was signed in 2008. Based on board of directors' decision hold as at 21 January 2020, Group's management were authorized to finalize the negotiations. Financially, Group's consolidated net sales revenue and consolidated EBITDA consist of %1,9 and %0,2 Doğadan's contribution respectively.

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