

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

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDIT REPORT FOR THE PERIOD
1 JANUARY - 31 DECEMBER 2023**



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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Türk Tuborg Bira ve Malt Sanayii A.Ş. (“the Company”) and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of 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 2023, 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 Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and 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 included in the regulations of the Capital Markets Board and other regulations 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; İngiltere mevzuatına göre kurulmuş olan Deloitte Touche Tohmatsu Limited (“DTTL”) şirketini, üye firma ağındaki şirketlerden ve ilişkili tüzel kişiliklerden bir veya birden fazlasını ifade etmektedir. DTTL ve üye firmalarının her biri ayrı ve bağımsız birer tüzel kişiliktir. DTTL (“Deloitte Global” olarak da anılmaktadır) müşterilere hizmet sunmamaktadır. Global üye firma ağımla ilgili daha fazla bilgi almak için www.deloitte.com/about adresini ziyaret ediniz.

3) Emphasis of Matter

Consolidated financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies” within the scope of the “Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit” dated 23 November 2023 published by the POA. Accordingly, we draw attention to Note 2 of the consolidated financial statements, which describes the transition to inflation accounting. Our opinion is not modified in respect of this matter.

4) 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
<p>Recoverability of trade receivables</p> <p>As stated in the note numbered 4 to the accompanying consolidated financial statements, trade receivables from third parties amounting TL 3.328.446 thousand as of 31 December 2023, constitute a significant portion of the consolidated financial statements of the Group.</p> <p>The assessment of the recoverability of these receivables includes considering the amounts of guarantees held, past collection performances, creditworthiness of the customers, aging of receivables together with disputes and legal cases, if any. As a result of these assessments, determination of doubtful receivables and the amount of provision for these receivables includes use of estimations and assumptions by the Group management. On the other hand, the outcome of such estimates and assumptions is very sensitive to changes in market conditions.</p> <p>Therefore, recoverability of trade receivables is a key audit matter.</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> • The design and implementation of Management’s controls regarding the recoverability of trade receivable process have been tested. • Understanding and assessment of the Group’s credit risk management policy including management of credit limits. • Testing receivables from third parties by obtaining confirmation letters from customers on a sample basis. • Analyzing the aging of receivables from third parties on a sample basis. • Testing, on a sample basis, guarantees held from customers. • Assessed if there is a dispute or litigation in connection with the collection of trade receivables and written inquiries with the Group’s legal counsels on outstanding litigation and any disputes with customers in relation to trade receivables have been obtained. • Based on the inquiries with the Group management, the assumptions underlying the calculation of impairment and whether other judgments are reasonable have been assessed. • Assessing the adequacy and appropriateness of disclosures around recoverability of trade receivables in the consolidated financial statements in accordance with TFRS.



5) 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.

6) 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 regulations of the 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 regulations of the 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.



6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- 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 6 May 2024.

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 2023 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 Özgür Öney.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Özgür Öney, SMMM
Partner

İzmir, 6 May 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

	Notes	<i>Current Period Audited</i> 31 December 2023	<i>Prior Period Audited</i> 31 December 2022
ASSETS			
Current Assets		11.505.446	9.793.949
Cash and Cash Equivalents	28	5.030.955	3.577.322
Financial Investments		205.726	2.692
- Financial Assets Carried at Amortised Cost	25	203.007	-
- Financial Assets at Fair Value Through Other Comprehensive Income	25	2.719	2.692
Trade Receivables	4	3.328.446	2.912.057
- Due from Third Parties		3.328.446	2.912.057
Other Receivables	5	68.449	64.764
- Due from Third Parties		68.449	64.764
Inventories	7	2.374.982	2.746.835
Prepaid Expenses	16	429.995	314.423
- Prepaid Expenses from Third Parties		429.995	314.423
Assets Related to Current Period Tax	23	66.893	175.856
Non-Current Assets		7.779.838	7.083.803
Other Receivables	5	847	1.085
- Due from Third Parties		847	1.085
Investment Properties	8	13.791	14.805
Property, Plant and Equipment	9	6.567.163	5.903.471
- Land		90.103	90.190
- Land Improvements		92.255	84.973
- Buildings		298.214	323.066
- Machinery and Equipment		2.321.056	1.941.057
- Motor Vehicles		69.242	46.543
- Furniture and Fixtures		3.346.533	2.985.574
- Construction in Progress		349.760	432.068
Right of Use Assets	10	337.562	179.393
Intangible Assets	11	63.392	56.738
- Rights		63.392	56.738
Deferred Tax Asset	23	100.600	240.236
Prepaid Expenses	16	696.483	688.075
- Prepaid Expenses from Third Parties		696.483	688.075
TOTAL ASSETS		19.285.284	16.877.752

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

	Notes	<i>Current Period Audited</i> 31 December 2023	<i>Prior Period Audited</i> 31 December 2022
LIABILITIES			
Current Liabilities		8.716.620	7.263.937
Current Borrowings		2.387.322	1.507.373
- Current Borrowings from Third Parties		2.387.322	1.507.373
- Bank Loans	6	2.247.463	1.408.275
- Lease Liabilities	6	139.859	99.098
Trade Payables	4	2.212.616	1.885.190
- Due to Third Parties		2.212.616	1.885.190
Other Payables	5	624.262	490.677
- Due to Third Parties		624.262	490.677
Deferred Income	16	12.183	73.283
- Deferred Income from Third Parties		12.183	73.283
Current Income Tax Liability	23	142.816	-
Short-term Provisions		930.032	780.656
- Provision for Employee Benefits	13	508.602	422.471
- Other Short-term Provisions	12	421.430	358.185
Other Current Liabilities	17	2.407.389	2.526.758
- Other Current Liabilities due to Third Parties		2.407.389	2.526.758
Non-current liabilities		306.407	338.529
Long-term Borrowings		175.928	117.781
- Long-term Borrowings from Third Parties		175.928	117.781
- Lease Liabilities	6	175.928	117.781
Long-term Provisions		130.479	220.748
- Provision for Employee Benefits	13	130.479	220.748
TOTAL LIABILITIES		9.023.027	7.602.466
EQUITY		10.262.257	9.275.286
Equity Attributable to Equity Holders of the Group		10.262.257	9.275.286
Share Capital	15	322.508	322.508
Adjustment to Share Capital	15	7.512.821	7.512.821
Share Premium (Discounts)	15	1.551	1.551
Items that will not be Reclassified to Profits (Losses)		(65.401)	(20.936)
- Revaluation of Defined Employee Benefits (Losses) Plans		(65.401)	(20.936)
Restricted Reserves Appropriated from Profits		692.591	692.591
- Legal Reserves	15	692.591	692.591
Accumulated Profits or Losses	15	766.751	(259.685)
Net Profit or Loss for the Period		1.031.436	1.026.436
TOTAL EQUITY AND LIABILITIES		19.285.284	16.877.752

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

	Notes	<i>Current Period Audited 1 January - 31 December 2023</i>	<i>Prior Period Audited 1 January - 31 December 2022</i>
Profit or Loss			
Revenue	18	17.143.154	15.141.710
Cost of sales	18	(10.219.886)	(9.373.018)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		6.923.268	5.768.692
GROSS PROFIT (LOSS)		6.923.268	5.768.692
General administrative expenses	19	(713.383)	(548.180)
Marketing, selling and distribution expenses	19	(4.695.156)	(3.768.659)
Other income from operating activities	20	494.833	236.860
Other expense from operating activities	20	(515.714)	(195.078)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.493.848	1.493.635
Income from investment activities	21	1.283.468	1.470.461
Expenses from investment activities	21	(111.372)	(255.532)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)		2.665.944	2.708.564
Financial expenses	22	(1.078.344)	(797.373)
Monetary Gain/(Loss)		405.529	(846.419)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		1.993.129	1.064.772
Tax (expense) income from continuing operations		(961.693)	(38.336)
- Current period tax (expense) income	23	(807.235)	(541.487)
- Deferred tax (expense) income	23	(154.458)	503.151
PROFIT (LOSS) FROM CONTINUING OPERATIONS		1.031.436	1.026.436
PROFIT (LOSS)		1.031.436	1.026.436
Profit (loss), attributable to:			
Non-controlling interests		-	-
Equity holders of the Group		1.031.436	1.026.436
		1.031.436	1.026.436
Earnings per share for net profit attributable to the equity holders of the parent company (full TL)			
	24	3,20	3,18
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss		(44.465)	(20.936)
- Gains (losses) on remeasurements of defined benefit plans	13	(59.287)	(26.171)
- Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		14.822	5.235
- Taxes relating to gains (losses) on remeasurements of defined benefit plans	23	14.822	5.235
OTHER COMPREHENSIVE INCOME (LOSS)		(44.465)	(20.936)
TOTAL COMPREHENSIVE INCOME (LOSS)		986.971	1.005.500
Allocation of comprehensive income:			
Non-controlling interests		-	-
Equity holders of the Group		986.971	1.005.500
		986.971	1.005.500

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

<i>Audited</i>	Share Capital	Adjustment to Share Capital	Share Premium/ (Discounts)	<i>Items that will not be Reclassified to Profit or Loss</i>		<i>Accumulated Profits (Losses)</i>		Equity Holders of the Group	Total Equity
				Revaluation of Defined Employee Benefits/(Losses)	Restricted Reserves	Accumulated Profits/(Losses)	Net Profit/(Loss) for the Period		
Balances at 1 January 2022	322.508	7.512.821	1.551	-	540.074	1.357.415	-	9.734.369	9.734.369
Transfers	-	-	-	-	152.517	(152.517)	-	-	-
Dividends	-	-	-	-	-	(1.464.583)	-	(1.464.583)	(1.464.583)
Total comprehensive income (loss)	-	-	-	(20.936)	-	-	1.026.436	1.005.500	1.005.500
- Profit (loss) for the period	-	-	-	-	-	-	1.026.436	1.026.436	1.026.436
- Other comprehensive income (loss)	-	-	-	(20.936)	-	-	-	(20.936)	(20.936)
Balances at 31 December 2022	322.508	7.512.821	1.551	(20.936)	692.591	(259.685)	1.026.436	9.275.286	9.275.286
<i>Audited</i>									
Balances at 1 January 2023	322.508	7.512.821	1.551	(20.936)	692.591	(259.685)	1.026.436	9.275.286	9.275.286
Transfers	-	-	-	-	-	1.026.436	(1.026.436)	-	-
Total comprehensive income (loss)	-	-	-	(44.465)	-	-	1.031.436	986.971	986.971
- Profit (loss) for the period	-	-	-	-	-	-	1.031.436	1.031.436	1.031.436
- Other comprehensive income (loss)	-	-	-	(44.465)	-	-	-	(44.465)	(44.465)
Balances at 31 December 2023	322.508	7.512.821	1.551	(65.401)	692.591	766.751	1.031.436	10.262.257	10.262.257

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

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

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

	Notes	Current Period Audited 1 January - 31 December 2023	Prior Period Audited 1 January - 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss)		1.031.436	1.026.436
-Profit (loss) for the period from continuing operations		1.031.436	1.026.436
Adjustments to reconcile net profit (loss) for the period		2.213.389	2.869.418
Adjustments for depreciation and amortisation expense	8-9-10-11	2.326.385	1.796.172
Adjustments for (reversal of) impairment loss		7.704	(8.008)
Adjustments for (reversal of) impairment loss receivables	4	7.308	(7.996)
Adjustments for (reversal of) impairment loss inventory	7	396	(12)
Adjustments for provisions		777.732	888.158
Adjustments for (reversal of) provision related to employee benefits	13	573.683	646.705
Adjustments for (reversal of) other provisions		204.049	241.453
Adjustments for interest (income) expenses		(655.489)	(74.965)
Adjustments for interest income	21	(814.620)	(285.522)
Adjustment for interest expenses	22	166.515	229.918
Unearned finance income due to sales		(75.656)	(45.583)
Incurred finance expense due to purchases		68.272	26.222
Adjustments for fair value losses (gains)		-	(153.587)
Adjustments for fair value losses (gains) of financial assets	25	-	(153.587)
Adjustments for taxation (income) expense	23	961.693	38.336
Adjustments for losses (gains) on sale of fixed assets		(44.747)	(22.315)
Adjustments for losses (gains) on sale of tangible assets	21	(44.747)	(22.315)
Adjustments for unrealized foreign exchange losses		(222.394)	(358.579)
Monetary Gain/(Loss)		(937.495)	764.206
Changes in working capital		868.543	666.265
Adjustments for (increase) decrease in trade receivables		(1.619.710)	(1.875.608)
(Increase) decrease in trade receivables from third party		(1.619.710)	(1.875.608)
Adjustments for (increase) decrease in other receivables		(29.417)	(57.754)
(Increase) decrease in other receivables from third party		(29.417)	(57.754)
Adjustments for (increase) decrease in inventories		371.457	(1.010.252)
(Increase) decrease in prepaid expenses		(25.409)	(42.207)
Adjustments for increase (decrease) in trade payables		1.003.532	1.409.462
Increase (decrease) in trade payables to third parties		1.003.532	1.409.462
Adjustments for increase (decrease) in other payables		326.472	417.262
Increase (decrease) in other payables from third parties		326.472	417.262
Increase (decrease) in deferred income		(32.292)	39.644
Adjustments for increase (decrease) in working capital		873.910	1.785.718
Increase (decrease) in other liabilities		873.910	1.785.718
		4.113.368	4.562.119

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

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

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

	Notes	Current Period Audited 1 January - 31 December 2023	Prior Period Audited 1 January - 31 December 2022
Provisions paid related to employee benefits	13	(358.039)	(201.776)
Income taxes returns (payments)	23	(555.456)	(798.602)
Net Cash Generated From Operating Activities		3.199.873	3.561.741
Cash Flow From Investing Activities:			
Cash outflow from purchase of shares or capital increase of associates and/or joint ventures	25	(27)	(158)
Cash inflow from sale of tangible and intangible assets		69.311	32.376
Cash inflow from sale of tangible assets	9-21	69.311	32.376
Cash outflow from purchase of tangible and intangible assets		(2.952.668)	(2.572.273)
Cash outflow from purchase of tangible assets	9-16	(2.948.307)	(2.563.179)
Cash outflow from purchase of intangible assets	11	(4.361)	(9.094)
Interest received		584.149	324.002
Cash inflow from sale of equity or debt instruments of other companies	25	-	799.247
Cash outflow from acquisition of equity or debt instruments of other companies	25	-	(587.032)
Other cash outflow	25	(203.007)	-
Net Cash Used in Investing Activities		(2.502.242)	(2.003.838)
Cash Flow From Financing Activities			
Proceeds from borrowings		7.179.705	11.590.056
Proceeds from bank loans	6	7.179.705	11.590.056
Repayments of borrowings		(5.348.408)	(9.658.992)
Bank loan repayments	6	(5.348.408)	(9.658.992)
Payments of lease liabilities	6	(72.538)	(69.311)
Dividends paid	3	-	(1.464.583)
Interest paid		(172.987)	(201.219)
Net Cash Generated from Financing Activities		1.585.772	195.951
Net Increase/(Decrease) in Cash and Cash Equivalents Before Currency Translation Differences		2.283.403	1.753.854
Effect of monetary gain on cash and cash equivalents		(1.406.260)	(2.506.351)
Effect of currency translation differences on cash and cash equivalents		576.490	354.947
Net Increase/(Decrease) in Cash and Cash Equivalents		1.453.633	(397.550)
Cash and cash equivalents at the beginning of the period		3.577.322	3.974.872
Cash and Cash Equivalents at the end of the Period	28	5.030.955	3.577.322

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") and in terms of the purchasing power of TL at 31 December 2023 unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

The Company is registered in the Turkish Capital Markets Board ("CMB") and its shares have been traded on the Istanbul Stock Exchange Market ("BIST") since 1989. As at 31 December 2023, the ratio of free floating shares on BIST is 4,31% (31 December 2022: 4,31%). The ultimate shareholder and the party that controls the Company is International Beer Breweries Ltd. ("IBBL") with a share of 95,69% (Note 15).

The average number of employees in the Company and Tuborg Pazarlama A.Ş., its subsidiary, ("Group") as at 31 December 2023 is 1.639 (31 December 2022: 1.593).

The address of the registered office is follows:

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

Subsidiary

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

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

The Company sells almost all of the beer which it produces to its subsidiary, Tuborg Pazarlama A.Ş. ("Tuborg Pazarlama" or "Subsidiary"), in which it holds a share of 99,99% (31 December 2022: 99,99%). Accordingly, Tuborg Pazarlama performs sales and distribution of such products in the domestic market.

Approval of the consolidated financial statements for issue:

The consolidated financial statements of the Group were approved by the Board of Directors of Türk Tuborg Bira ve Malt Sanayii A.Ş. for issue on 6 May 2024. The General Assembly of the Company and/or governmental authorities are entitled to modify the consolidated financial statements as enclosed herein.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

a) Statement of compliance

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

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

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

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 4 October 2022 by POAASA and the format and mandatory information recommended by CMB.

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

b) Presentation currency

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

c) Adjustment of financial statements in hyperinflationary economies

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, inflation adjustment has been made in accordance with TAS 29.

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

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1.859,38	1,00000	268%
31.12.2022	1.128,45	1,64773	156%
31.12.2021	686,95	2,70672	74%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

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

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

d) Basis of consolidation

The details of the Company's subsidiary as at 31 December 2023 and 2022 are as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

2.2 Changes in accounting policies

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

2.3 Changes in accounting estimates and errors

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

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

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

2.4 New and Revised Turkish Accounting Standards

2.4.1 Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Amendments to Disclosure of Accounting Policies¹</i>
Amendments to TAS 8	<i>Amendments to Definition of Accounting Estimates¹</i>
Amendments to TAS 12	<i>Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
Amendments to TAS 12	<i>Amendments to International Tax Reform — Pillar Two Model Rules¹</i>

¹Effective for annual periods beginning after 1 January 2023.

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

2.4.2 New and revised TFRSs in issue but not yet effective

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

TFRS 17	<i>Insurance Contracts²</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)²</i>
Amendments to TFRS 4	<i>Amendments to Extension of the Temporary Exemption from Applying TFRS 9¹</i>
Amendments to TAS 1	<i>Amendments to Classification of Liabilities as Current or Non-Current¹</i>
Amendments to TFRS 16	<i>Amendments to Lease Liability in a Sale and Leaseback¹</i>
Amendments to TAS 1	<i>Amendments to Non-current Liabilities with Covenants¹</i>
Amendments to TAS 7 and TFRS 7	<i>Amendments to Supplier Finance Arrangements¹</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information¹</i>
TSRS 2	<i>Climate-related Disclosures¹</i>

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

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

2.5 Summary of significant accounting policies

2.5.1 Revenue

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

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

Revenue recognition:

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. The Group recognizes revenue when it transfers control of a product to a customer.

Group recognizes revenue based on the following main principles:

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

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

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

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

Sale of goods:

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

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

Interest income:

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

Rental income:

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

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

2.5.2 Trade Receivables

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

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

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

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

2.5.3 Inventories

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

2.5.4 Property, plant and equipment

Property, plant and equipment, except lands, are presented at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leased assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.5.5 Investment Property

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

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

2.5.6 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

2.5.7 Leases

The Group - as a lessee

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

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

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

Right of use asset

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

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

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

The Group remeasure the right of use asset:

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

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

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

Lease Liability

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

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

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

After initial recognition, the lease liability is measured:

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

Extension and termination options

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

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

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

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

Variable lease payments

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

Exemptions and simplifications

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

2.5.8 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an impairment indication for the assets, stated at revalued amounts. When an indication of impairment exists, the Group estimates the recoverable amounts of such assets. Recoverable amounts of intangible assets that are not available for use, are estimated at each reporting date.

An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset's net selling price or value in use. Impairment losses are accounted for in the consolidated statement of profit or loss and other comprehensive income.

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

2.5.9 Trade Payables

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

2.5.10 Financial Instruments

a. Financial assets

Classification and measurement

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

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

i. Financial assets carried at amortized cost

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

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

Impairment

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

ii. Financial assets carried at fair value

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

iii. Financial assets carried at fair value through profit or loss

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

iv. 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.

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

b. Financial liabilities

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

i. Financial payables

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

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

ii. Other financial liabilities

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

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

2.5.11 Foreign Currency Transactions

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

2.5.12 Earnings per Share

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

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

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

2.5.13 Subsequent Events

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

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

2.5.14 Provisions, Contingent Assets and Contingent Liabilities

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

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

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

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

2.5.15 Related Parties

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

2.5.16 Operating Segments

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

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

2.5.17 Taxation and Deferred Income Taxes

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

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

i. Current tax

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

ii. Deferred tax

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

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

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

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

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

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

iii. Current and deferred tax for the period

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

2.5.18 Benefits Provided to Employees

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

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

2.5.19 Statement of Cash Flows

In the consolidated statement of cash flows, the consolidated cash flows for the term are classified and reported basing upon the operations, investment and financing activities.

2.5.20 Other Payables

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

2.6 Critical Accounting Estimates and Judgments

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

Significant estimate of the Group management is as follows:

Provision for doubtful receivables

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

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

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NOTE 3 - RELATED PARTY DISCLOSURES

a) Dividends to related parties - gross:

At the Ordinary General Assembly meeting dated 25 May 2023, taking into account the current economic conjuncture, the Company's medium and long-term strategies, limited long-term financing opportunities, current funding costs, cash flow and other funding needs, it was decided not to distribute the distributable profit for the year 2022 and to transfer it to the retained earnings account in order to strengthen the Company's liquidity and balance sheet structure (31 December 2022: Dividend distributed from 2021 profit is TL 1.464.583).

b) Key management compensation:

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

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term employee benefits	185.397	190.637
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Other	23.835	22.803
	209.232	213.440

NOTE 4 - TRADE RECEIVABLE AND PAYABLES

a) Short-term trade receivables:

	31 December 2023	31 December 2022
Customer current accounts	3.032.031	2.782.288
Credit card receivables	202.144	118.900
Notes receivables and customer cheques	145.471	95.473
	3.379.646	2.996.661
Less: Provision for doubtful receivables	(51.200)	(84.604)
	3.328.446	2.912.057

Trade receivables are all short term with a weighted average maturity of one month (31 December 2022: one month).

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NOTE 4 - TRADE RECEIVABLE AND PAYABLES (Continued)

The amount of overdue trade receivables as of 31 December 2023 is TL 71.749 (31 December 2022: TL 63.067) and the aging of such receivables and credit risk analysis are disclosed in Note 26 in detail.

Movements in the provision for doubtful receivables are as follows:

	2023	2022
1 January	(84.604)	(153.124)
Collections in the current year (Note 20)	3.015	15.146
Reversal of provision	9.139	10.117
Charged to the consolidated statement of profit or loss and other comprehensive income	(19.462)	(17.267)
Monetary Gain	40.712	60.524
31 December	(51.200)	(84.604)

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

b) Short-term trade payables:

	31 December 2023	31 December 2022
Supplier current accounts	1.974.443	1.718.473
Accrued expenses	238.173	166.717
	2.212.616	1.885.190

Short-term payables have a weighted average maturity of one month (31 December 2022: one month).

NOTE 5 - OTHER RECEIVABLE AND PAYABLES

a) Short-term other receivables:

	31 December 2023	31 December 2022
Value added tax receivable	40.013	60.450
Other	28.436	4.314
	68.449	64.764

b) Long-term other receivables:

	31 December 2023	31 December 2022
Deposit and guarantees given	847	1.085
	847	1.085

c) Other payables:

	31 December 2023	31 December 2022
Deposits received	624.262	490.677
	624.262	490.677

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NOTE 6 - BORROWINGS AND BORROWING COSTS

	31 December 2023			31 December 2022		
	Effective Interest Rate(%)	Original Currency	TL Equivalent	Effective Interest Rate(%)	Original Currency	TL Equivalent
Current bank loans						
Fixed Interest Rate - TL (*)	40,18	2.247.463	2.247.463	18,24	1.408.275	1.408.275
Short-term portion of long-term bank loans						
Fixed Interest Rate - TL (*)	-	-	-	-	-	-
Current bank loans		2.247.463	2.247.463		1.408.275	1.408.275
Long-term bank loans						
Fixed Interest Rate - TL (*)	-	-	-	-	-	-
Long-term bank loans						
Total		2.247.463	2.247.463		1.408.275	1.408.275

(*) As of 31 December 2023, all bank loans consist of short-term loans, and the weighted average payment term is 14 January 2024 (31 December 2022: 5 April 2023).

Net financial debt reconciliation for the periods between 1 January - 31 December 2023 and 2022 is as follows:

	Non-cash Changes					
	1 January 2023	Net cash flow from borrowing activities	Change in interest accruals	Additions	Monetary Loss	31 December 2023
Borrowings	1.408.275	1.831.297	(6.472)	-	(985.637)	2.247.463
Lease liabilities	216.879	(72.538)	-	324.356	(152.910)	315.787
	1.625.154	1.758.759	(6.472)	324.356	(1.138.547)	2.563.250

	Non-cash Changes					
	1 January 2022	Net cash flow from borrowing activities	Change in interest accruals	Additions	Monetary Loss	31 December 2022
Borrowings	14.353	1.931.064	28.699	-	(565.841)	1.408.275
Lease liabilities	268.796	(69.311)	-	122.558	(105.164)	216.879
	283.149	1.861.753	28.699	122.558	(671.005)	1.625.154

As of 31 December 2023, debts from short-term lease transactions are TL 139.859 (31 December 2022: TL 99.098), debts from long-term leasing transactions are TL 175.928 (31 December 2022: TL 117.781). The duration of the contract that make up Group's lease liabilities varies between 1 and 5 years.

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NOTE 7 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials	1.272.748	1.453.634
Finished and trade goods	757.430	999.707
Work in progress	249.221	185.615
Other	95.583	107.879
	2.374.982	2.746.835

At 31 December 2023 other inventories are mainly composed of spare parts amounting to TL 69.427 (31 December 2022: TL 69.732).

At 31 December 2023, finished goods amounting to TL 757.430 (31 December 2022: TL 999.707) are stated at their net realizable values by recording an obsolescence provision amounting to TL 419 (31 December 2022: TL 23) while the other inventory items are valued at their costs.

Cost of materials recognized as expense and included in cost of sales amounts to TL 6.107.953 (31 December 2022: TL 4.893.213) (Note 18).

NOTE 8 - INVESTMENT PROPERTIES

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
<u>Buildings and land improvements:</u>					
Cost	54.120	-	-	-	54.120
Accumulated depreciation	(39.315)	(1.014)	-	-	(40.329)
Net book value	14.805				13.791

	1 January 2022	Additions	Disposals	Transfers	31 December 2022
<u>Buildings and land improvements:</u>					
Cost	54.120	-	-	-	54.120
Accumulated depreciation	(38.286)	(1.029)	-	-	(39.315)
Net book value	15.834				14.805

Total rental income from the investment properties in 1 January - 31 December 2023 amounts to TL 1.510 (31 December 2022: TL 1.364). There are no operating expenses arising from the investment property.

As of 31 December 2023, the fair value of Group's investment properties, of which is carried at cost less accumulated depreciation, determined by TSKB Gayrimenkul Değerleme ve Danışmanlık A.Ş.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2023 are as follows:

Fair values as at 31 December 2023

	31 December 2023	Level 1 TL	Level 2 TL	Level 3 TL
Commercial property unit located in Ankara	72.105	-	-	72.105
Commercial property unit located in İzmir	200.000	-	-	200.000

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January and 31 December 2023 were as follows:

	1 January 2023	Additions	Disposals	Transfers (*)	31 December 2023
Cost:					
Land	90.190	-	(87)	-	90.103
Land improvements	245.691	1.101	-	10.062	256.854
Buildings	1.412.091	2.169	-	28.957	1.443.217
Machinery and equipment	6.979.876	5.484	(99.015)	593.514	7.479.859
Furniture and fixtures	9.708.068	2.086.067	(273.211)	140.483	11.661.407
Motor vehicles	130.766	37.495	(9.036)	-	159.225
Construction in progress	432.068	717.420	-	(799.728)	349.760
	18.998.750	2.849.736	(381.349)	(26.712)	21.440.425

Accumulated depreciation:

Land improvements	(160.718)	(3.881)	-	-	(164.599)
Buildings	(1.089.025)	(55.978)	-	-	(1.145.003)
Machinery and equipment	(5.038.819)	(211.432)	91.448	-	(5.158.803)
Furniture and fixtures	(6.722.494)	(1.848.681)	256.301	-	(8.314.874)
Motor vehicles	(84.223)	(14.796)	9.036	-	(89.983)
	(13.095.279)	(2.134.768)	356.785	-	(14.873.262)

Net book value	5.903.471				6.567.163
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(*) Note 11.

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

	1 January 2022	Additions	Disposals	Transfers (*)	31 December 2022
Cost:					
Land	90.190	-	-	-	90.190
Land improvements	239.456	1.526	(270)	4.979	245.691
Buildings	1.405.127	2.930	(323)	4.357	1.412.091
Machinery and equipment	6.804.568	4.245	(44)	171.107	6.979.876
Furniture and fixtures	7.803.145	1.825.700	(116.936)	196.159	9.708.068
Motor vehicles	115.514	15.957	(705)	-	130.766
Construction in progress	130.405	698.988	-	(397.325)	432.068
	16.588.405	2.549.346	(118.278)	(20.723)	18.998.750

Accumulated depreciation:

Land improvements	(157.350)	(3.609)	241	-	(160.718)
Buildings	(1.035.759)	(53.464)	198	-	(1.089.025)
Machinery and equipment	(4.838.941)	(199.883)	5	-	(5.038.819)
Furniture and fixtures	(5.420.464)	(1.409.098)	107.068	-	(6.722.494)
Motor vehicles	(71.179)	(13.749)	705	-	(84.223)
	(11.523.693)	(1.679.803)	108.217	-	(13.095.279)

Net book value	5.064.712				5.903.471
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(*) Note 11.

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Current year depreciation and amortisation expenses of TL 1.520.499 (31 December 2022: TL 1.113.454) have been charged to cost of production (Note 18), TL 735.746 (31 December 2022: TL 631.341) to marketing, selling and distribution costs (Note 19) and TL 70.140 (31 December 2022: TL 51.377) to general administrative expenses (Note 19).

There is no mortgage and pledge on property, plant and equipment as of 31 December 2023 and 2022.

NOTE 10 - RIGHT OF USE ASSETS

The details of the right-of-use assets recognized in the consolidated financial statements as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Motor vehicles	261.561	139.912
Buildings	76.001	39.481
	337.562	179.393

Changes in net rights-of-use assets for the period ended 31 December 2023 amount to TL 324.353 and mainly include vehicle rents. Depreciation expenses amount to TL 166.184 (31 December 2022: TL 90.608).

NOTE 11 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2023 and 2022 were as follows:

	1 January 2023	Additions	Disposals	Transfers (*)	31 December 2023
Rights	333.668	4.361	(222)	26.712	364.519
Accumulated amortisation	(276.930)	(24.419)	222	-	(301.127)
Net book value	56.738				63.392

	1 January 2022	Additions	Disposals	Transfers (*)	31 December 2022
Rights	303.851	9.094	-	20.723	333.668
Accumulated amortisation	(252.198)	(24.732)	-	-	(276.930)
Net book value	51.653				56.738

(*) Note 9.

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

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NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

a) Other short-term provisions:

	31 December 2023	31 December 2022
Provision for sales discounts	402.996	333.771
Other	18.434	24.414
	421.430	358.185

b) Contingent assets and liabilities:

As at 31 December 2023, the Group has letters of guarantee given amounting to TL 26.076 (31 December 2022: TL 45.172). The schedule for guarantee, pledge, mortgage and bails (GPM) given by the Group is as follows:

	31 December 2023	31 December 2022
A. Total value of GPM provided in favour of the Company itself	26.076	45.172
B. Total value of GPM provided in favour of the subsidiary	4.368.808	2.731.751
C. Total value of GPM provided in favour of third parties engaged in ordinary course of operations	-	-
D. Total value of other GPM	-	-
i. Provided in favour of the main shareholder	-	-
ii. Provided in favour of related parties excluding those mentioned at article B and C above	-	-
iii. Provided in favour of third parties excluding those mentioned at C above	-	-
	4.394.884	2.776.923

The ratio of total value of other GPM to equity is 0% at 31 December 2023 (31 December 2022: 0%).

NOTE 13 - EMPLOYEE BENEFITS

a) Short term provision for employee benefits:

	31 December 2023	31 December 2022
Vacation pay obligation and other provisions	508.602	422.471
	508.602	422.471

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

	2023	2022
1 January	422.471	348.918
Payment in the current year	(258.583)	(182.571)
Charge for the period	557.057	474.046
Monetary Loss	(212.343)	(217.922)
31 December	508.602	422.471

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NOTE 13 - EMPLOYEE BENEFITS (Continued)

b) Long term provision for employee benefits:

	31 December 2023	31 December 2022
Provision for employment termination benefit	130.479	220.748
	130.479	220.748

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

The amount payable consists of one month's salary limited to a maximum of TL 23.489,83 for each period of service at 31 December 2023 (31 December 2022: TL 15.371,40).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3% real discount rate (31 December 2022: 2%) calculated by using 23,30% annual inflation rate and 27,05% discount rate.

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 2,99% for employees with 0-15 years of service (31 December 2022: 3,24%), and 0% for those with 16 or more years of service (31 December 2022: 0%). As the maximum liability is revised semiannually, the maximum amount of TL 35.058,58 effective from 1 January 2024 has been taken into consideration in calculation of provision from employment termination benefits (1 January 2023: TL 19.982,83).

Movements of the provision for employment benefits were as follows:

	2023	2022
1 January	220.748	140.687
Service cost	(18.760)	167.490
Actuarial loss	59.287	26.171
Interest cost	35.386	5.169
Paid during the year	(99.456)	(19.205)
Monetary loss	(66.726)	(99.564)
31 December	130.479	220.748

The total of service cost and interest cost for the year is amounted to TL 16.626 (31 December 2022: TL 172.659). TL 4.024 (31 December 2022: TL 102.047) has been charged to marketing, selling and distribution expenses, TL 1.200 (31 December 2022: TL 54.552) has been charged to cost of production and TL 11.402 (31 December 2022: TL 16.060) has been charged to general administrative expenses, respectively.

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NOTE 14 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	17.143.154	15.141.710
Other income from operating activities	494.833	236.860
Income from investing activities	1.283.468	1.470.461
Total revenue	18.921.455	16.849.031
Cost of direct materials and change in stocks	(6.107.953)	(4.893.213)
Depreciation and amortization	(2.326.385)	(1.796.172)
Personnel expenses	(2.282.185)	(1.700.607)
Other production cost	(1.984.938)	(2.939.326)
Marketing expenses	(1.078.717)	(689.120)
Finance expense	(1.078.344)	(797.373)
Other expense	(2.069.804)	(2.968.448)
Total expense	(16.928.326)	(15.784.259)
Profit before taxes	1.993.129	1.064.772
Tax income/(expense)	(961.693)	(38.336)
Net profit for the year	1.031.436	1.026.436

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	31 December 2023	31 December 2022
Audit and assurance fee	3.076	3.614
Other assurance services fee	140	204
	3.216	3.818

NOTE 15 - CAPITAL RESERVES AND OTHER SHARE CAPITAL RESERVES

a) Share capital:

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of full TL 0,01. The Company's historical authorized registered share capital at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Registered share capital (historical values)	500.000	500.000
Share capital with a nominal value	322.508	322.508

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

The compositions of the Company's share capital at 31 December 2023 and 2022 were as follows:

	31 December 2023		31 December 2022	
	TL	Share (%)	TL	Share (%)
International Beer Breweries Ltd.	308.597	95,69	308.597	95,69
Public quotation	13.911	4,31	13.911	4,31
	322.508		322.508	

There are 32.250.825.300 (31 December 2022: 32.250.825.300) units of shares with a face value of full TL 0,01 each at 31 December 2023. There are no preferred shares.

	Historical value	Restated value	Adjustment to share capital
Share capital	322.508	7.835.329	7.512.821

b) Other equity items:

The comparison of the Group's equity items restated for the effects of inflation in the consolidated financial statements as of 31 December 2023 with the amounts restated for the effects of inflation in the financial statements prepared in accordance with the Law No. 6762 and other legislation is as follows:

31 December 2023	6762 numbered law and other legislation in the financial statements prepared in accordance with the inflation adjusted amounts	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/IFRS	Difference recognized in retained earnings
Adjustment to Share Capital	11.565.810	7.512.821	4.052.989
Restricted Reserves Appropriated from Profits	900.291	692.591	207.700
Share Premium (Discounts)	2.469	1.551	918
	12.468.570	8.206.963	4.261.607

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

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

c) Accumulated profits:

As at 31 December 2023, accumulated profit in consolidated financial position of the Group prepared in accordance with Turkish Financial Reporting Standards amount to TL 766.751 (31 December 2022: Accumulated loss TL 259.685).

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

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

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NOTE 16 - PREPAID EXPENSES AND DEFERRED INCOME

a) Short-term prepaid expenses:

	31 December 2023	31 December 2022
Prepaid expenses	419.055	314.423
Order advances for inventories	10.940	-
	429.995	314.423

b) Long-term prepaid expenses:

	31 December 2023	31 December 2022
Prepaid expenses	576.750	666.913
Order advances for property, plant and equipment	119.733	21.162
	696.483	688.075

c) Deferred income:

	31 December 2023	31 December 2022
Order advances received from customers	12.183	73.283
	12.183	73.283

NOTE 17 - OTHER CURRENT LIABILITIES

	31 December 2023	31 December 2022
Taxes and funds payable	2.389.236	2.497.312
Other	18.153	29.446
	2.407.389	2.526.758

NOTE 18 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue		
Domestic sales - net	16.599.548	14.282.748
Export sales - net	543.606	858.962
Total revenue - net	17.143.154	15.141.710
Cost of sales		
Cost of direct materials and change in stocks	(6.107.953)	(4.893.213)
Depreciation and amortisation	(1.520.499)	(1.113.454)
Labour expense	(606.496)	(427.025)
Other production cost	(1.984.938)	(2.939.326)
Total cost of sales	(10.219.886)	(9.373.018)
Gross Profit	6.923.268	5.768.692

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

a) General administrative expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	394.697	291.816
Outsourced services	137.185	100.863
Depreciation and amortisation	70.140	51.377
Other	111.361	104.124
	713.383	548.180

b) Marketing, selling and distribution expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	1.280.992	981.766
Marketing expenses	1.078.717	689.120
Transportation and distribution costs	922.131	890.423
Depreciation and amortisation	735.746	631.341
Outsourced services	251.549	190.295
Other	426.021	385.714
	4.695.156	3.768.659

NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gain	394.715	159.814
Indemnity income	11.826	7.175
Collection of doubtful receivables	3.015	15.146
Other	85.277	54.725
	494.833	236.860

b) Other expense from operating activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange loss	(468.682)	(180.583)
Other	(47.032)	(14.495)
	(515.714)	(195.078)

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NOTE 21 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	814.620	285.522
Foreign exchange gain	407.898	1.002.472
Gain on sales of property, plant and equipment	57.751	26.225
Fair value gain of financial instruments	-	153.587
Other	3.199	2.655
	1.283.468	1.470.461

b) Expense from investing activities:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange loss	(98.368)	(251.622)
Loss on sales of property, plant and equipment	(13.004)	(3.910)
	(111.372)	(255.532)

NOTE 22 - FINANCIAL EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Bank commissions and other changes	(911.829)	(567.455)
Interest expense	(166.515)	(229.918)
	(1.078.344)	(797.373)

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

Current income tax liability:

	31 December 2023	31 December 2022
Provision for corporate tax expense	807.235	541.487
Less: Prepaid taxes	(731.312)	(717.343)
Current income tax liability/(asset)	75.923	(175.856)

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

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

Corporation tax is payable at a rate of 25% for the year 2023 (31 December 2022: 23%). On the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed. Corporations are required to pay advance corporation tax quarterly at the rate of 25% (31 December 2022: 23%) on their corporate income. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10% (31 December 2022: 10%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Taxation on income for the year ended 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current tax expense	(807.235)	(541.487)
Deferred tax income	(154.458)	503.151
	(961.693)	(38.336)

Reconciliation of the taxation on income for the years ended 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit From Continuing Operations, Before Tax	1.993.129	1.064.772
Income tax rate: 25% (2022: 23%)	(498.282)	(244.898)
Tax effects:		
-Expenses not deductible for tax purposes	(35.250)	(48.301)
-Effects of the reduced corporate tax rate	62.236	17.149
-Other adjustments and monetary (loss)/gain	(490.397)	237.714
Tax expense	(961.693)	(38.336)

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

Deferred taxes:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the condensed consolidated financial statements and the statutory tax condensed consolidated financial statements. Deferred taxes are calculated on temporary differences that are expected to be realized or settled under the liability method using the principal enacted tax rate of 25% (31 December 2022: 20%).

In accordance with the regulation numbered 7338 numbered 32, published in Official Gazette on 14 May 2022, the opportunity to revalue the immovables registered in assets and the economic assets subject to depreciation on the effective date of the law. The Group has benefited from the provision of the article as at 31 December 2022. The covered assets will be valued with the D-PPI rate and tax will be paid in 3 installments (at two-month intervals) at the rate of 2% over the amount of valuation increase. For the revalued assets, the valuation difference can be depreciated and recognized as taxable expense. Within the scope of the the amendment, deferred income tax asset has been recognized in the consolidated statement of financial position based on the revaluation records for property, plant, equipment in the tax books, and the deferred income tax related to this asset has been recognized in the consolidated statement of profit or loss.

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

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2023 and 2022, using enacted tax rates at the statement of financial position dates, are as follows:

	31 December 2023		31 December 2022	
	Cumulative temporary differences	Deferred tax (liability)/asset	Cumulative temporary differences	Deferred tax (liability)/asset
Property, plant and equipment and intangible fixed assets	401.841	(108.770)	(691.245)	138.210
Provision for unused vacation and other provisions	(508.602)	127.150	(422.473)	84.494
Provision for employment termination benefits	(130.479)	32.652	(220.748)	44.191
Inventory	(39.396)	9.849	55.005	(11.001)
Provision for doubtful receivables	(15.686)	3.922	(26.160)	5.232
Provision for impairment of financial investments	(54.840)	13.713	(5.706)	1.141
Other - net	(88.337)	22.084	110.154	(22.031)
		100.600		240.236

Thereof:

	31 December 2023	31 December 2022
Subsidiaries with net deferred income tax assets	100.600	240.236
	100.600	240.236

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

Movement of deferred tax assets for years ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	240.236	(268.150)
Profit or loss effect	(154.458)	503.151
Other comprehensive income effect	14.822	5.235
31 December	100.600	240.236

NOTE 24 - EARNINGS PER SHARE

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

		1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the year	A	1.031.436	1.026.436
Number of ordinary shares with a full TL 1 face value	B	32.250.825.300	32.250.825.300
Gain per 100 shares (full TL)	A/B	3,20	3,18

There are no differences between basic and diluted gain per share for the periods ended 31 December 2023 and 2022.

NOTE 25 - FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Financial assets carried at amortised cost	203.007	-
Financial assets at fair value through other comprehensive income	2.719	2.692
	205.726	2.692

Financial assets carried at amortised cost:

Financial assets carried at amortised cost stated below:

	31 December 2023	31 December 2022
Time deposits with maturity more than 90 days	203.007	-
	203.007	-

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NOTE 25 - FINANCIAL INVESTMENTS (Continued)

Movements of financial assets at fair value through profit or loss and financial assets carried at amortised cost are as follows:

	2023	2022
1 January	-	162.376
Purchase of financial investments	203.007	587.032
Sale of financial investments	-	(799.247)
Fair value gain	-	153.587
Monetary Loss	-	(103.748)
31 December	203.007	-

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

a) Credit risk:

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

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

The credit risk analysis of financial instruments as of 31 December 2023 and 2022 is as follows:

31 December 2023:

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables (1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	3.328.446	-	68.449	5.030.256	203.007	8.630.158
- The part of maximum credit risk covered with guarantees etc	-	1.812.717	-	-	-	-	1.812.717
A. Net book value of financial assets not past due and not impaired (3)	-	3.256.697	-	68.449	5.030.256	203.007	8.558.409
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	-	71.749	-	-	-	-	71.749
- The part covered by guarantees etc.	-	3.492	-	-	-	-	3.492
D. Net book value of assets impaired	-	-	-	-	-	-	-
- Past due (gross book value)	-	33.657	-	-	-	-	33.657
- Impairment (-)	-	(33.657)	-	-	-	-	(33.657)
- The part of net value covered with guarantees etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	17.543	-	-	-	-	17.543
- Impairment (-)	-	(17.543)	-	-	-	-	(17.543)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-	-

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

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

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

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

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

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

31 December 2022:

	Receivables				Bank Deposits	Financial Investments	Total
	Trade Receivables(1)		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	2.912.057	-	64.764	3.576.930	-	6.553.751
- The part of maximum credit risk covered with guarantees etc	-	1.544.374	-	-	-	-	1.544.374
A. Net book value of financial assets not past due and not impaired (3)	-	2.848.990	-	64.764	3.576.930	-	6.490.684
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	-	63.067	-	-	-	-	63.067
- The part covered by guarantees etc.	-	3.162	-	-	-	-	3.162
D. Net book value of assets impaired	-	-	-	-	-	-	-
- Past due (gross book value)	-	65.017	-	-	-	-	65.017
- Impairment (-)	-	(65.017)	-	-	-	-	(65.017)
- The part of net value covered with guarantees etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	19.587	-	-	-	-	19.587
- Impairment (-)	-	(19.587)	-	-	-	-	(19.587)
- The part of net value covered with guarantees etc	-	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-	-

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

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

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

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

The aging analysis of overdue financial assets as of 31 December 2023 and 2022 is as follows:

31 December 2023:

	Trade Receivables		
	Related Parties	Other Parties	Total
1-30 days overdue	-	71.541	71.541
1-3 months overdue	-	208	208
3-12 months overdue	-	-	-
		71.749	71.749
The part covered by guarantees	-	3.492	3.492
- Bank letters of guarantee	-	3.391	3.391
- Mortgage	-	101	101
		68.257	68.257

31 December 2022:

	Trade Receivables		
	Related Parties	Other Parties	Total
1-30 days overdue	-	58.498	58.498
1-3 months overdue	-	4.340	4.340
3-12 months overdue	-	229	229
		63.067	63.067
The part covered by guarantees	-	3.162	3.162
- Bank letters of guarantee	-	3.162	3.162
- Mortgage	-	-	-
		59.905	59.905

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

b) Liquidity risk:

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

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

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

	31 December 2023				
	Book value	Total cash outflows per agreement (I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual terms:					
Non-derivative financial liabilities:					
Bank loans	2.247.463	2.269.690	2.066.190	203.500	-
Trade payables	2.212.616	2.327.193	2.327.193	-	-
Other payables	642.415	642.415	18.153	624.262	-
Leasing borrowings	315.787	349.881	2.145	137.715	210.021
	5.418.281	5.589.179	4.413.681	965.477	210.021

	31 December 2022				
	Book value	Total cash outflows per agreement (I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual terms:					
Non-derivative financial liabilities:					
Bank loans	1.408.275	1.461.284	765.815	695.469	-
Trade payables	1.885.190	1.924.111	1.924.111	-	-
Other payables	520.123	520.124	29.447	490.677	-
Leasing borrowings	216.879	244.763	1.784	97.315	145.664
	4.030.467	4.150.282	2.721.157	1.283.461	145.664

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

c) Market risk:

i) Interest risk

As the Group had no financial instruments subject to interest rate risk as of 31 December 2023 and 2022, the Group is not subject to significant exposure from fluctuations in interest rates.

ii) Price risk

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

iii) Foreign exchange risk

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

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

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

	Foreign Currency Position Schedule							
	31 December 2023				31 December 2022			
	TL Equivalent	USD	Euro	Other (TL Equivalent)	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade Receivables	65.743	29	1.773	7.136	34.321	1	910	4.330
2a. Monetary Financial Assets (Including Cash, Bank accounts)	929.917	20.723	9.811	280	1.528.595	25.110	22.923	96
2b. Non-Monetary Financial Assets	186.259	3	5.554	5.255	380.304	11	11.323	7.182
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	1.181.919	20.755	17.138	12.671	1.943.220	25.122	35.156	11.608
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	28.502	-	875	-	21.163	-	643	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	28.502	-	875	-	21.163	-	643	-
9. Total Assets (4+8)	1.210.421	20.755	18.013	12.671	1.964.383	25.122	35.799	11.608
10. Trade Payables	(487.938)	(2.812)	(12.333)	(2.551)	(246.393)	(1.524)	(6.031)	(429)
11. Financial Liabilities	(17.034)	-	(522)	-	(16.986)	-	(515)	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	(504.972)	(2.812)	(12.855)	(2.551)	(263.379)	(1.524)	(6.546)	(429)
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	(21.733)	-	(666)	-	(27.903)	-	(846)	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	(1.669)	(53)	(1)	-
17. Long Term Liabilities (14+15+16)	(21.733)	-	(666)	-	(29.572)	(53)	(847)	-
18. Total Liabilities (13+17)	(526.705)	(2.812)	(13.521)	(2.551)	(292.951)	(1.577)	(7.393)	(429)
19. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Net Asset/(Liability) Position of Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
19b. Amount of Liability Nature Off-Financial Position								
Derivative Instruments	-	-	-	-	-	-	-	-
20. Net Foreign Asset/(Liability) Position (9-18+19)	683.716	17.943	4.492	10.120	1.671.432	23.545	28.406	11.179
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	468.955	17.940	(1.937)	4.865	1.271.634	23.587	16.441	3.997
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging								
23. Amount of foreign currency denominated assets hedged	-	-	-	-	-	-	-	-
24. Amount of foreign currency denominated liabilities hedged	-	-	-	-	-	-	-	-

As of 31 December 2023, Group's export and import amounts are TL 543.606 and TL 2.700.317, respectively (31 December 2022: TL 772.149 and TL 2.470.551, respectively).

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

31 December 2023:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD - nets	52.908	(52.908)
2- The part of USD risk hedged (-)	-	-
3- USD effect - net (1+2)	52.908	(52.908)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro - net	(6.498)	6.498
5- The part of EUR risk hedged (-)	-	-
6- Euro effect - net (4+5)	(6.498)	6.498
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies - net	486	(486)
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect - net (7+8)	486	(486)
TOTAL (3+6+9)	46.896	(46.896)

31 December 2022:

	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:		
1- Asset/Liability denominated in USD - net	72.538	(72.538)
2- The part of USD risk hedged (-)	-	-
3- USD effect - net (1+2)	72.538	(72.538)
Change of Euro by 10% against TL:		
4- Asset/Liability denominated in Euro - net	54.225	(54.225)
5- The part of EUR risk hedged (-)	-	-
6- Euro effect - net (4+5)	54.225	(54.225)
Change of other currencies by 10% against TL:		
7- Asset/Liability denominated in other currencies - net	400	(400)
8- The part of other currency risk hedged (-)	-	-
9- Other currency effect - net (7+8)	400	(400)
TOTAL (3+6+9)	127.163	(127.163)

There is no effect of foreign currency changes on equity apart from the effects on net income as of 31 December 2023 and 2022.

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

d) Capital risk management:

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

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

	31 December 2023	31 December 2022
Total liabilities	9.023.027	7.602.466
Less: Cash and cash equivalents	(5.030.955)	(3.577.322)
Less: Financial assets carried at amortised cost	(203.007)	-
Net debt	3.789.065	4.025.144
Total equity	10.262.257	9.275.286
Debt/equity ratio	37%	43%

NOTE 27 - FINANCIAL INSTRUMENTS

Classes of financial instruments and their fair values:

31 December 2023:

	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Book value
<u>Financial assets</u>				
Cash and cash equivalents	5.030.955	-	5.030.955	28
Trade receivables	3.328.446	-	3.328.446	4
Financial Investments	203.007	-	203.007	25
<u>Financial liabilities</u>				
Bank loans	2.247.463	-	2.247.463	6
Trade payables	2.212.616	-	2.212.616	4
Lease liabilities	315.787	-	315.787	6

31 December 2022:

	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Book value	Book value
<u>Financial assets</u>				
Cash and cash equivalents	3.577.322	-	3.577.322	28
Trade receivables	2.912.057	-	2.912.057	4
<u>Financial liabilities</u>				
Bank loans	1.408.275	-	1.408.275	6
Trade payables	1.885.190	-	1.885.190	4
Lease liabilities	216.879	-	216.879	6

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

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NOTE 28 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Banks	4.012.564	1.906.373
Total time deposits	3.448.785	1.803.228
- TL denominated time deposits	2.519.840	275.500
- USD denominated time deposits	609.371	773.040
- Euro denominated time deposits	319.574	754.688
Total demand deposits	563.779	103.145
- TL denominated demand deposits	563.096	102.367
- USD denominated demand deposits	683	778
Cash on hand	699	392
Other (*)	1.017.692	1.670.557
	5.030.955	3.577.322

(*) Other balance consists of Mutual funds in TL weighted average annual interest rate is 41,35% (31 December 2022: 21,10%).

As of 31 December 2023 and 31 December 2022, the details of time deposits are as follows;

Currency	Interest Rate	Maturity	31 December 2023 (TL Equivalent)
TL	44,45%	12 January 2024	2.519.840
US Dollar	5,25%	26 February 2024	609.371
Euro	3,92%	29 January 2024	319.574
Total			3.448.785
Currency	Interest Rate	Maturity	31 December 2022 (TL Equivalent)
TL	21,79%	2 January 2023	275.500
US Dollar	3,37%	11 January 2023	773.040
Euro	3,18%	13 January 2023	754.688
Total			1.803.228

Based on the independent data with respect to the credit risk assessment of the banks at which the Group has deposits, the credit quality of banks is sufficient. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 29 - SUBSEQUENT EVENTS

None.

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