

# **ANADOLU CAM SANAYİİ A.Ş.**

CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY 2020 – 31 MARCH 2020  
(ORIGINALLY ISSUED IN TURKISH)

# ANADOLU CAM SANAYİİ A.Ş.

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# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2020 AND 31 DECEMBER 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	31 March 2020	31 December 2019
<b>Current Assets</b>			
Cash and cash equivalents	6	1,118,521	989,866
Financial investments	7	52,240	47,173
Trade receivables	10, 38	1,084,722	1,045,160
- <i>Trade receivables due from related parties</i>	38	1,961	2,354
- <i>Trade receivables due from unrelated parties</i>	10	1,082,761	1,042,806
Other receivables	11, 38	33,243	99,490
- <i>Other receivables due from related parties</i>	38	2,458	87,522
- <i>Other receivables due from unrelated parties</i>	11	30,785	11,968
Contract assets	15	15,952	15,017
Derivative financial assets	12	188	494
Inventories	13	722,218	614,104
Prepayments	14	42,100	43,361
Current tax assets	36	4,369	7,009
Other current assets	27	3,011	13,931
<b>Total Current Assets</b>		<b>3,076,564</b>	<b>2,875,605</b>
<b>Non-current Assets</b>			
Financial investments	7	364,071	346,570
Other receivables	11	563	585
Derivative financial assets	12	72,593	14,844
Investments accounted for using equity method	16	16,225	15,785
Investment property	17	73,742	73,742
Property, plant and equipment	18	3,282,631	3,476,037
Right of use assets	19	17,427	17,731
Intangible assets and goodwill	20, 21	7,014	8,121
- <i>Goodwill</i>	21	4,347	5,112
- <i>Other intangible assets</i>	20	2,667	3,009
Prepayments	14	18,313	46,412
Deferred tax asset	36	353,532	398,152
<b>Total Non-current Assets</b>		<b>4,206,111</b>	<b>4,397,979</b>
<b>TOTAL ASSETS</b>		<b>7,282,675</b>	<b>7,273,584</b>

The accompanying notes form an integral part of these consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2020 AND 31 DECEMBER 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Notes	31 March 2020	31 December 2019
<b>Current Liabilities</b>			
Current borrowings	8	399,060	848,015
Current portion of non-current borrowings	8	453,466	403,941
Trade payables	10, 38	563,050	575,081
- Trade payables to related parties	38	152,296	170,069
- Trade payables to unrelated parties	10	410,754	405,012
Employee benefit obligations	25	12,132	3,997
Other payables	11, 38	197,755	49,041
- Other payables to related parties	38	176,710	26,647
- Other payables to unrelated parties	11	21,045	22,394
Contract liabilities	15	15,769	9,086
Deferred income	14	8,581	10,885
Current tax liabilities	36	-	-
Current provisions	23,25	85,468	51,805
Other current liabilities	27	21,455	22,488
<b>Total Current Liabilities</b>		<b>1,756,736</b>	<b>1,974,339</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	8	2,755,175	2,398,426
Non-current provisions	25	71,088	70,312
Deferred tax liabilities	36	4,079	4,496
<b>Total Non-Current Liabilities</b>		<b>2,830,342</b>	<b>2,473,234</b>
<b>Total Liabilities</b>		<b>4,587,078</b>	<b>4,447,573</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>	<b>28</b>	<b>2,695,597</b>	<b>2,826,011</b>
Issued capital		750,000	750,000
Inflation adjustments on capital		1	1
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		672,629	720,036
Gains (losses) on revaluation and remeasurement		672,629	720,036
- Increases (Decreases) on revaluation of property, plant and equipment		671,496	718,903
- Gains (Losses) on remeasurements of defined benefit plans		1,133	1,133
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		(238,666)	(181,850)
- Exchange differences on translation		(296,492)	(203,447)
- Gains (Losses) on Hedge		57,826	21,597
Restricted reserves appropriated from profits		204,884	189,125
Prior years' profits or losses		1,190,747	821,475
Current period net profit or loss		116,002	527,224
<b>Total Equity</b>		<b>2,695,597</b>	<b>2,826,011</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,282,675</b>	<b>7,273,584</b>

The accompanying notes form an integral part of these consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY- 31 MARCH 2020 AND 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2020	31 March 2019
Revenue	29	1,112,281	775,323
Cost of sales	29	(717,630)	(517,979)
<b>Gross profit (loss) from commercial operations</b>		<b>394,651</b>	<b>257,344</b>
General administrative expenses	30,31	(68,718)	(58,331)
Marketing expenses	30,31	(164,706)	(100,769)
Research and development expenses	30,31	(839)	(477)
Other income from operating activities	32	43,316	31,592
Other expenses from operating activities	32	(13,363)	(13,957)
<b>Profit (Loss) from operating activities</b>		<b>190,341</b>	<b>115,402</b>
Investment activity income	33	42,668	30,877
Investment activity expenses	33	(742)	(3,903)
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	33	1,428	1,776
Share of profit (loss) from investments accounted for using equity method	16	440	664
<b>Profit (Loss) before financing income (expense)</b>		<b>234,135</b>	<b>144,816</b>
Finance income	34	125,293	33,457
Finance costs	34	(216,236)	(115,692)
<b>Profit (Loss) from continuing operations, before tax</b>		<b>143,192</b>	<b>62,581</b>
<b>Tax (expense) income, continuing operations</b>		<b>(27,190)</b>	<b>39,041</b>
- Current period tax (expense) income	36	(7,930)	(4,069)
- Deferred tax (expense) income	36	(19,260)	43,110
<b>Profit (Loss)</b>		<b>116,002</b>	<b>101,622</b>
<b>Attributable to:</b>			
Non-controlling interest	28	-	-
<b>Owners of parent</b>	<b>37</b>	<b>116,002</b>	<b>101,622</b>
<b>Earnings per share</b>	<b>37</b>	<b>0,1547</b>	<b>0,1355</b>

The accompanying notes form an integral part of these consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 MARCH 2020 AND 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 March 2020	31 March 2019
<b>Profit (Loss)</b>	28	116,002	101,622
<b>Other comprehensive income</b>			
<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	28	(47,407)	38,501
Gains (Losses) on Revaluation of Property, Plant and Equipment		(58,498)	47,149
Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss		11,091	(8,648)
<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	28	(56,816)	16,367
Exchange Differences on Translation		(93,045)	16,367
Cash Flow Hedging		46,447	-
Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss		(10,218)	-
<b>Other Comprehensive Income (Loss)</b>		(104,223)	54,868
<b>Total Comprehensive Income (Loss)</b>		11,779	156,490
<b>Attributable to:</b>			
- Non-controlling interest		-	-
- Owners of Parent		11,779	156,490
<b>Earnings per share</b>	37	0,0157	0,2087

The accompanying notes form an integral part of these consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 MARCH 2020 AND 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Issued Capital	Inflation Adjustments on Capital	Other Accumulated Comprehensive Income that will not be reclassified in profit or loss	Other Accumulated Comprehensive Income that will be reclassified in profit or loss	Restricted Reserves	Prior Years' Profits or Losses	Net profit or Loss	Equity Attributable to Owners of Parent	Equity
<b>Balance at 1 January 2020</b>	<b>750,000</b>	<b>1</b>	<b>720,036</b>	<b>(181,850)</b>	<b>189,125</b>	<b>821,475</b>	<b>527,224</b>	<b>2,826,011</b>	<b>2,826,011</b>
Transfers	-	-	-	-	15,759	511,465	(527,224)	-	-
Total comprehensive income(loss)	-	-	(47,407)	(56,816)	-	-	116,002	11,779	11,779
Dividends paid	-	-	-	-	-	(142,193)	-	(142,193)	(142,193)
<b>Balance at 31 March 2020</b>	<b>750,000</b>	<b>1</b>	<b>672,629</b>	<b>(238,666)</b>	<b>204,884</b>	<b>1,190,747</b>	<b>116,002</b>	<b>2,695,597</b>	<b>2,695,597</b>
	Issued Capital	Inflation Adjustments on Capital	Other Accumulated Comprehensive Income that will not be reclassified in profit or loss	Other Accumulated Comprehensive Income that will be reclassified in profit or loss	Restricted Reserves	Prior Years' Profits or Losses	Net profit or Loss	Equity Attributable to Owners of Parent	Equity
<b>Balance at 1 January 2019</b>	<b>750,000</b>	<b>1</b>	<b>650,061</b>	<b>(223,144)</b>	<b>168,227</b>	<b>511,417</b>	<b>450,743</b>	<b>2,307,305</b>	<b>2,307,305</b>
Transfers	-	-	-	-	20,898	429,845	(450,743)	-	-
Total comprehensive income(loss)	-	-	38,501	16,367	-	-	101,622	156,490	156,490
Dividends paid	-	-	-	-	-	(124,858)	-	(124,858)	(124,858)
<b>Balance at 31 March 2019</b>	<b>750,000</b>	<b>1</b>	<b>688,562</b>	<b>(206,777)</b>	<b>189,125</b>	<b>816,404</b>	<b>101,622</b>	<b>2,338,937</b>	<b>2,338,937</b>

Disclosures regarding the changes in equity is explained in Note 28.

The accompanying notes form an integral part of these consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 MARCH 2020 AND 2019

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January- 31 March 2020	1 January- 31 March 2019
<b>A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>215,109</b>	<b>66,242</b>
<b>Profit (Loss)</b>	<b>28</b>	<b>116,002</b>	<b>101,622</b>
<b>Adjustments To Reconcile Profit (Loss)</b>		<b>218,932</b>	<b>157,432</b>
Adjustments For Depreciation And Amortisation Expense	18, 19, 20	124,759	97,538
Adjustments For Impairment Loss (Reversal Of Impairment Loss)	6, 7, 10, 11, 13, 27	(1,381)	900
Adjustments For Provisions	23, 25	36,550	41,140
Adjustments For Interest (Income) Expenses	8, 10, 32, 34	62,649	42,340
Adjustments For Unrealised Foreign Exchange Losses (Gains)	8, 32, 34	11,400	41,908
Adjustments For Fair Value Losses (Gains)	7, 33	(42,668)	(29,987)
Adjustments For Undistributed Profits Of Investments Accounted For Using Equity Method	16	(440)	(664)
Adjustments For Tax (Income) Expenses	36	27,190	(39,041)
Adjustments For Losses (Gains) On Disposal Of Non-Current assets	33	742	3,013
Other Adjustments To Reconcile Profit (Loss)	7, 27	131	285
<b>Changes in Working Capital</b>		<b>(47,150)</b>	<b>(148,008)</b>
Adjustments For Decrease (Increase) In Trade Accounts Receivable	10, 32, 38	(36,471)	(10,846)
Adjustments For Decrease (Increase) In Other Receivables Related With Operations	11, 38	66,448	12,023
Adjustments For Decrease (Increase) in Contract Assets	15	(15,952)	(18,232)
Decrease(Increase) In Derivative Financial Assets	12	6,951	-
Adjustments For Decrease (Increase) In Inventories	13	(108,124)	(163,777)
Adjustments For Increase (Decrease) In Trade Accounts Payable	10, 34, 38	(12,081)	122,239
Adjustments For Increase (Decrease) in Contract Liabilities	15	15,769	8,325
Adjustments For Increase (Decrease) In Other Operating Payables	11, 14, 27, 38	12,350	(87,643)
Increase (Decrease) In Derivative Financial Liabilities	12, 33	-	-
Other Adjustments For Other Increase (Decrease) In Working Capital	6, 7, 14, 15, 27, 36	23,960	(10,097)
<b>Cash Flows From (used in) Operations</b>		<b>287,784</b>	<b>111,046</b>
Interest Paid	8, 32, 34, 38	(59,022)	(37,451)
Interest Received	32, 34, 38	1	47
Payments Related With Provisions For Employee Benefits	16, 25, 28, 36	(2,111)	(3,102)
Income Taxes Refund (Paid)	36	(11,543)	(4,298)
<b>B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(81,530)</b>	<b>(272,876)</b>
Cash receipts from sales of equity or debt instruments or other entities	7	17,983	-
Proceeds from sales of property, plant, equipment and intangible assets	8, 18, 20	11,811	1,628
Purchase of property, plant, equipment and intangible assets	8, 11, 18, 20	(145,264)	(186,761)
Cash advance and loans made to other parties	14	24,474	(96,422)
Dividend received	16, 27, 33	-	5,216
Interest received	6, 7, 34	9,444	3,521
Other inflows / (outflow) of cash	10, 11, 27	22	(58)
<b>C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>(29,696)</b>	<b>534,159</b>
Proceeds from borrowing	8	1,474,374	1,401,806
Repayments of borrowings	8	(1,501,054)	(865,111)
Payments of lease liabilities	8	(3,016)	(2,536)
Dividends paid	28	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>		<b>103,883</b>	<b>327,525</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>26,147</b>	<b>78,035</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>130,030</b>	<b>405,560</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6</b>	<b>989,663</b>	<b>153,580</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>6</b>	<b>1,119,693</b>	<b>559,140</b>

The accompanying notes form an integral part of these consolidated financial statements.



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Anadolu Cam Sanayii A.Ş. and its subsidiaries (the "Group") consists of Anadolu Cam Sanayii A.Ş. (the "Company") and its seven subsidiaries and one associate. The Company was established in Turkey in 1969 and started its operations in 1973. In 1976, the Company joined the group of Türkiye İş Bankası A.Ş. and which owner of the capital and management activity in Türkiye Şişe ve Cam Fabrikaları A.Ş. ("Şişecam Holding")

The Group's activities consist of glass packaging manufacturing and sales. From the Turkey perspective, production takes place in Mersin, Bursa/Yenişehir and Eskişehir factories. All marketing and selling activities of the Company are managed by its "Sales and Management Centre". Its export sales are managed by Şişecam Dış Ticaret A.Ş. The Company's shares are traded on Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("ISE"), since 1986. Türkiye Şişe ve Cam Fabrikaları A.Ş. holds 77.80% of the shares in the Company and has control in the management as of March 31, 2020.

#### The Head Office and Shareholder Structure of the Company

The shareholder structure of the Company is presented in Note 28.

The Company is registered in Turkey and its contact information is presented below:

İçmeler Mah. D-100 Karayolu Cad. No: 44/A 34947 Tuzla / İstanbul / Türkiye

Telefon : + 90 (850) 206 50 50

Faks : + 90 (850) 206 57 57

<http://www.sisecamcamambalaj.com>

#### The Company Trade Registry Information

Registered Trade Office: Istanbul Registry of Commerce Office

Registered no: 103040

Central registration system no: 0068006233600015

#### Personnel Structure of the Group

	31 March 2020	31 December 2019	31 March 2019
Personnel paid on a monthly basis	1,445	1,449	1,445
Personnel paid on a hourly basis	2,934	2,799	2,844
<b>Total</b>	<b>4,379</b>	<b>4,248</b>	<b>4,289</b>

Within the total number of personnel of the Group in 2020, there are no employees in the associate which is accounted for under equity method. (31 December 2019: none )

#### Companies included in consolidation:

The Company consolidates its subsidiaries stated below on a line-by-line basis. Associate is accounted for using the equity accounting method in the consolidated financial statements.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### Subsidiaries:

Title of Entity	Nature of Business	Country of Registration
OOO Ruscam Glass Packaging Holding	Glass packaging production and sales	Russia
OOO Energosystems	Rent of industrial equipment	Russia
OOO Ruscam Management Company	Finance and investment company	Russia
JSC Mina	Glass packaging production and sales	Georgia
CJSC Brewery Pivdenna	Glass packaging production and sales	Ukraine
Merefa Glass Company Ltd.	Glass packaging production and sales	Ukraine
Sisecam Glass Packaging B.V. (*)	Finance and investment company	Netherlands

	31 March 2020		31 December 2019	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OOO Ruscam Glass Packaging Holding	100.00	100.00	100.00	100.00
OOO Energosystems	100.00	100.00	100.00	100.00
OOO Ruscam Management Company	100.00	100.00	100.00	100.00
JSC Mina	100.00	100.00	100.00	100.00
CJSC Brewery Pivdenna	100.00	100.00	100.00	100.00
Merefa Glass Company Ltd.	100.00	100.00	100.00	100.00
Sisecam Glass Packaging B.V. (*)	100.00	100.00	100.00	100.00

#### Associate:

	Nature of Business	Country of Registration
Camiş Elektrik Üretim A.Ş.	Electricity production and sales	Turkey

	31 March 2020		31 December 2019	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Camiş Elektrik Üretim A.Ş.	26.09	26.09	26.09	26.09

(\*) As of 12.03.2020, our subsidiaries AC Glass Holding B.V. and Anadolu Cam Investment B.V. are merged under Sisecam Glass Packaging B.V.

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II. No: 14.1. "Principles of Financial Reporting in Capital Markets" (the "Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") (together will be referred as "TAS/TFRS"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POAASA on 2 June 2016 and in accordance with the TAS taxonomy announced by POAASA as current "2019 TFRS" including TFRS- 15 Revenue from contracts with customers and TFRS- 16 Leases on 15 April 2019.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Presentation (Continued)

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

The Company (and its subsidiaries and associate registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial assets and liabilities, buildings and lands presented with their fair values, are maintained under historical cost conversion in TRY. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

#### Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of country in which the entity is located (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in thousand Turkish Lira ("TRY"), which is the functional and presentation currency of the Company. Currencies other than TRY in the tables are expressed in thousand basis.

#### Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's decision No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards TAS/IFRS are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

#### Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and associate have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

#### Comparatives and Restatement of Prior Periods' Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

#### Financial Statements of Foreign Subsidiaries

Financial statements of subsidiaries, associate operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into TRY from the foreign exchange rate at the statement of financial report date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and statement of financial position date rates are included in the "currency translation differences" under shareholders' equity.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Presentation (Continued)

Foreign currencies and exchange rates of the countries where the Group's foreign operations take place are summarized below:

Currency	31 March 2020		31 December 2019		31 March 2019	
	Period End	Period Average	Period End	Period Average	Period End	Period Average
US Dollar	6.51600	6.09208	5.94020	5.67117	5.62840	5.36290
Euro	7.21500	6.72039	6.65060	6.34805	6.31880	6.09284
Russian Rubles	0.08122	0.09146	0.09552	0.08719	0.08643	0.08075
Georgian Lari	1.98386	2.08157	2.07142	2.01165	2.09125	2.01007
Ukrainian Grivna	0.23220	0.24317	0.25079	0.21950	0.20656	0.19640

#### Consolidation Principles

The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Accounting Standards applying uniform accounting policies and presentation. The results of subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

#### Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent company and sustain variable income due to financial relations, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Note 1 sets out all subsidiaries included in the scope of consolidation and show their ownership and effective interests as of 31 March 2020 and 31 December 2019.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries are included or excluded in these consolidated financial statements profit/loss and other comprehensive income subsequent to the date of acquisition or date of sale respectively. The expenses related to acquisitions are accounted for under profit/loss statement once occurred.

The statements of financial position and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

The non-controlling interests' shares in the consolidated subsidiaries' net assets are separately disclosed in the equity of the Group. The non-controlling interests represent the sum of the shares issued during the initial business combinations and the non-controlling interests' shares in the equity changes from the date of business combination.

When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Presentation (Continued)

##### Subsidiaries (Continued)

In the case of business combinations subject to joint control, the following accounting principles are applied:

- The merger of business combinations subject to joint control is accounted for by the pooling of interest method, so goodwill is not included in the financial statements.
- In applying the method of merging rights, financial statements such as mergers have been corrected at the beginning of the reporting period during which the joint control occurs and are presented comparatively from the beginning of the reporting period when the joint control occurred.
- Financial statements are prepared in accordance with TAS including merger accounting as of the date when the company taking control of the group in the consolidation process takes control of the companies in joint control and after the financial statements are prepared according to TAS.
- The effect of the Mergers under Common Control as an equalizing account is used as an equalizing account under the shareholders' equity in order to eliminate the asset - liability mismatch due to the business combination subject to joint control.

##### Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associate. Note 1 sets out the Associate included in the scope of consolidation by using equity method as of 31 March 2020 and 31 December 2019.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the cessation of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

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

The financial investments adopted for in accordance with TFRS 9. “Financial Instruments” effective from 1 January 2018. The Group has a preference for a first time investment in an equity investment that is not held for trading purposes and that the subsequent amendment to fair value would not be reversible for presentation in other comprehensive income. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

Investments, in which the Group has controlling interests equal to or above 20, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are measured by its costs. Carried at cost less any provision for impairment.

Available-for-sale investments, in which the Group has an interest that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried at their fair values in the consolidated financials statements.

#### 2.2 Statement of Compliance with TAS

The Group prepared the accompanying consolidated financial statements as of 31 March 2020 in accordance with the Communiqué Serial II. No 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with the reporting formats recommended by CMB compulsory explanation.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.3 Changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods’ consolidated financial statements. The accounting policies except the situation stated below used in the preparation of these consolidated financial statements for the period ended 31 March 2020 are consistent with those used in the preparation of financial statements for the year ended 31 December 2019.

#### 2.4 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the interim period as of 31 March 2020 are consistent with those used in the preparation of financial statements for the year ended 31 December 2019.

Material changes in accounting policies or material errors are applied, retrospectively by restating the prior period consolidated financial statements.

#### 2.5 Amendments in Turkish Financial Reporting Standards (“TFRS”)

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**The new standards, amendments and interpretations which are effective as at January 1, 2020 as follows:**

#### *Changes in TFRS 9, TAS 39 and TFRS 7 – Indicator Interest Rate Reform*

Facilitating implementations were provided in TFRS 9 and TAS 39 regarding indicator interest rate reform in the annual reporting periods starting on or after 1 January 2020. These applications are related to hedge accounting and in summary;

- The provision regarding the high probability of transactions,
- Forward looking evaluations,
- Retrospective evaluations and
- Separately identifiable risk components.

The exemptions applied to the amendments to TFRS 9 and TAS 39 are intended to be disclosed in the financial statements in accordance with the regulation in TFRS 7.

The amendment has no significant impact on the financial position or performance of the Group.

#### *Definition of Material (Amendments to IAS 1 and IAS 8)*

In June 2019, the PAO issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both, an entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively, and earlier application is permitted.

The amendment has no significant impact on the financial position or performance of the Group.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.5 Amendments in Turkish Financial Reporting Standards (“TFRS”) (Continued)

##### a) Standards issued but not yet effective and not early adopted as of 31 March 2020:

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### **TFRS 10 ve TMS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will evaluate the effects of these amendments after the aforementioned standards become final.

##### **TFRS 17 The new Standard for insurance contracts**

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. Standard does not apply to the group and has no effect.

##### **Amendments in IAS 1 – Classification of liabilities as Current and Non-Current Liabilities**

On March 12, 2020, IASB made amendments to the “Presentation of IAS 1 Financial Statements” standard. These amendments, which are effective for annual reporting periods beginning on or after 1 January 2022, provide explanations to the criteria for the current and non-current classification of liabilities. The changes should be applied retrospectively in accordance with IAS 8 “Accounting Policies, Changes and Errors in Accounting Estimates”. Early application is permitted.

The Group generally does not expect a significant impact on its financial position and performance.

##### **b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 March 2020:**

None.

### 2.6 Summary of Significant Accounting Policies

#### Revenue

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- Ownership of the Group's right to collect goods or services.
- The ownership of the property of the customer.
- Transfer of the possession of the goods or services.
- Ownership of significant risks and rewards arising from the ownership of the goods or services.
- It takes into account the conditions for the customer to accept the goods or services.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

#### Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

#### Dividend Income

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an liability in the consolidated financial statements as a fact of dividend distribution after the approval of the general shareholders' meeting.

#### **Inventories**

Inventories are valued at the lower of cost value or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories consist of raw material and supplies, semi-finished goods, finished goods, commercial goods and other inventories (Note 13).

#### **Property, Plant and Equipment**

Property, plant and equipment except for land and buildings are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are stated at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with the financial statements as of 31 December 2015. Unless there is a significant economic change that would affect the value of these properties, it is routinely revalued every three years. In this context, a revaluation has been made to reflect in the financial statements dated 31 December 2018.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortization method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

Leasings that ownership changed in the end of period, are amortized at which is less comparing the expected economic life and leasing period, as the same way other tangible assets.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Property, Plant and Equipment (Continued)

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life
Land improvements	3-50 years
Buildings	2-50 years
Machinery and equipment	1-30 years
Motor vehicles	3-15 years
Furniture and fixtures	2-50 years
Other tangible assets	1-20 years

Property, plant and equipment are reviewed for impairment losses. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Costs of property, plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred.

Gain or losses on disposal of property, plant and equipment are included in the related income or expense from investing activities line item and are determined as the difference between the carrying value and amounts received.

The gain on revaluation on tangible assets presented in the equity is transferred directly to the retained earnings when the asset is retired from use or disposed of or fully depreciated.

##### Intangible Assets

Intangible assets consist of computer software and other intangible assets. Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 2 and 10 years based on their economic lives (Note 20).

##### Investment Properties

Instead of being used for the production of goods and services or for administrative purposes or during the normal course of business, the assets held for the purpose of obtaining or gaining rental or for both are classified as investment property. Investment properties are recognized in the financial statements by using the fair value method. In the event that a real estate used by the owner becomes an investment property to be shown on fair value basis. TAS 16 Property, Plant and Equipment are applied until the date of change in use. The difference between the carrying amount and the fair value of the property calculated according to TAS 16 is carried out as a revaluation in accordance with TAS 16 and the valuation differences are related to equity. The fair value of investment properties is determined by independent valuation companies with the necessary CMB license and the required professional experience for each year (Note 17). In subsequent periods, the gain or loss arising from the change in the fair value of the investment property is associated with profit or loss in the period in which it is incurred. If the value of the asset is reduced as a result of revaluation, his decrease is recognized as expense. However, this decrease should be accounted for in the other comprehensive income to the extent of the balance of any receivable balance in the revaluation surplus. This decrease, which is recognized in other comprehensive income, reduces the amount accumulated in equity under the revaluation surplus.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Derivative and Hedging Instruments

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

##### Cash Flow Hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated statement of profit or loss in the period in which the hedged firm commitment or forecasted transaction affects the consolidated statement of profit or loss.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

##### Hedge accounting:

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under TFRS 9. As TFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of TFRS 9 did not have a significant impact on the Group's financial statements.

##### Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each financial position statement date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the consolidated statement of profit or loss.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- a) the amount of lease liabilities recognised.
- b) lease payments made at or before the commencement date less any lease incentives received.
- c) initial direct costs incurred and

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

##### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities include:

The lease payments include

- (a) fixed payments (including in-substance fixed payments) less any lease incentives receivable.
- (b) The variable lease payments that depend on an index,
- (c) The amounts expected to be paid under residual value guarantees,
- (d) The exercise price of a purchase option reasonably certain to be exercised by the Group,
- (e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date,

- a) the amount of lease liabilities is increased to reflect the accretion of interest and
- b) reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently 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 statement of income over the period of the borrowings (Note 8 and Note 34).

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

##### Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members. in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 38).

##### Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

##### Financial Assets

###### Classification

Group classifies its financial assets in three categories of “financial assets measured at amortized cost”, “financial assets measured at fair value through other comprehensive income” and “financial assets measured at fair value through profit of loss”. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model that the Group uses in the management of financial assets has changed; In case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of profit or loss.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of profit or loss.

##### Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

##### Impairment

Impairment of the financial and contractual assets measured by using "Expected Credit Loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

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(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the reversal of the provision is credited to other operating income. (Note 10 and Note 32).

Interest income/expenses and foreign exchange gain/losses arising from trading activities are accounted for under “Other Income / Expenses from Operating Activities” in the consolidated statement of profit and loss (Note 10 and Note 32).

The Group collects some of its receivables via factoring. The Group follows related receivables in its consolidated financial statements since the collection risk of these receivables belongs to the Group until these ceded receivables are collected by the factoring company. Advance taken from factoring company against these receivables is recorded as factoring payable in “Financial Liabilities” account. Factoring expenses are accounted as accrual base in finance expenses account.

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments (Note 7).

##### Financial Liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are are classified as equity instruments and other financial liabilities.

##### Equity Instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

##### Other Financial Liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method (Note 9).

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

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 10).

##### Business Combinations and Goodwill

A business combination is the bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of TFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of Exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

In a progressive business combination, the Group is remeasured at the date of acquisition (i.e. at the date of the Group gain the control) to bring the equity share held previously in the acquired entity to fair value and, if any, the gain / loss from profit / loss is accounted for. Amounts arising from the purchase of the acquired entity prior to the acquisition date recognized in other comprehensive income are transferred to profit / loss under the assumption that such shares are disposed of.

##### Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Foreign Currency Transactions (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in TRY using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group’s translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at period end exchange rates.

##### Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “Bonus Share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 37).

##### Subsequent Events

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

##### Provisions, Contingent Assets and 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 considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. 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 (Note 23).

##### Segment Reporting

The Group does not have operating segments used by the management to evaluate its performance and to determine the distribution of resources. Management assesses performance geographically according to the regions of Turkey, Russia, Ukraine, Georgia, and the Netherlands. When evaluating the regions’ performance, the chief operating decision-maker, who is Group Management, is utilizing operating results in the financial statements (Note 5).

Operating regions are reported in a manner consistent with the reporting provided to the Group’s chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating regions.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.



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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 22).

Government grants related to costs are accounted as income on a consistent basis over the related periods with the costs.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statements of income on a straight-line basis over the expected lives of the related assets.

##### Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity (Note 36). In such case, the tax is recognized in shareholders' equity.

The current period tax on income is calculated for the Group's subsidiaries and associate considering the tax laws that are applicable in the countries where they operate.

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

##### Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees.

According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All remeasurements differences stemmed from actuarial changes are recognized in the consolidated statements of other comprehensive income (Note 25).

The liabilities related to employee termination benefits are accrued when they are entitled.

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(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.6 Summary of Significant Accounting Policies (Continued)

##### Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. Group prefers to use net (indirect) method on financial statements while presenting cash flow from operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

#### 2.7 Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the statement of financial position date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS/IFRS and their statutory financial statements. The Group have deferred tax assets which from might occur discounted financial losses in subsequent periods and discounted temporary differences. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management, a deferred income tax asset amounting to TRY 114,222 thousand (31 December 2019: TRY 141,372 thousand) results from temporary differences as of 31 March 2020 that are arising from unused carry forward tax losses and can be used as long as the tax allowances continue. The Group is entitled with corporate tax allowances (in accordance with Corporate Tax Law No. 5520. article 32/A). As of 31 March 2020, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 399,433 thousand (31 December 2019: TRY 409,709 thousand) (Note 36).

The Group reviews the goodwill amounts it registers annually or in cases where there are conditions that indicate the presence of impairment, more frequently for impairment. The recoverable value of cash generating units was determined on the basis of value in use calculations. Certain estimates were made for these calculations (Note 21). As a result of these studies, no impairment was detected.

The Group management decided to change its accounting policy related to measurement of land and buildings subject to the period starting from 30 September 2018 from cost method to fair value method in accordance with TAS 16. This change in the accounting policy was effective from 31 December 2018 because final results of the revaluation are received after the 30 September 2018 financials are published.

Land and buildings are stated at revalued amounts in accordance with TAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 are based on the valuation reports prepared by independent valuation companies.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2.7 Significant Accounting Estimates and Assumptions (Continued)

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on the method of reference comparison. In other case, cost approach method were used. In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location. Size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market. Also, current information and experience of the professional valuation company was utilized.

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components. The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of financial statement date, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in statement of profit or loss.

For the period 1 January - 31 December 2018, if the fair value determined by the independent valuation company was 1% lower / higher, the total overall comprehensive income for the period would be lower / higher by TRY 12,036 thousand.

Value increases calculated on property, plant and equipment are included in "Revaluation and Measurement Earnings / Losses" in shareholders' equity and impairment losses are firstly offset in "Revaluation and Measurement Earnings / Losses" and accounted in equity, while undue deductible impairment; is accounted in the "Expenses from Investment Activities" account in the statement of profit and loss.

The Group has revalued the investment properties accounted for within the scope of TAS 40 "Investment Property" and revaluation gain were accounted for under income from investment activities in the consolidated statement of profit or loss (Note 28 and Note 33). Deferred tax liability was calculated from the amount which is recognized in the statement of profit or loss by considering the possibility of sale in the subsequent period and tax exemption of profit on sale in accordance with the current Corporate Tax Law ("CTL") article 5/1-e and accounted for under deferred tax expense for the period (Note 36)

### 3. BUSINESS COMBINATIONS

There is no business combination between 1 January and 31 March 2020 within the scope of TFRS 3 "Business Combinations" standard (2019: None).

### 4. INTEREST IN OTHER ENTITIES

The disclosures related to Company's subsidiaries' and associate's names, affiliated country and ownership rates presented in Note 1. In addition, the financial information related to the subsidiary is disclosed in Note 16.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 5. SEGMENT REPORTING

#### Geographical segments

1 January – 31 March 2020	Turkey	Russia, Ukraine and Georgia	Netherlands	Consolidation adjustments	Consolidated
Revenue from third parties	664,018	448,263	-	-	1,112,281
Revenue from Group companies	272	1,369	-	(1,641)	-
<b>Total net sales (*)</b>	<b>664,290</b>	<b>449,632</b>	<b>-</b>	<b>(1,641)</b>	<b>1,112,281</b>
Cost of sales (-)	(437,538)	(280,698)	-	606	(717,630)
<b>Gross profit from commercial operations</b>	<b>226,752</b>	<b>168,934</b>	<b>-</b>	<b>(1,035)</b>	<b>394,651</b>
Operating expenses (-)	(139,466)	(95,825)	(787)	1,815	(234,263)
Other income from operating activities	26,901	6,431	6,196	3,788	43,316
Other expenses from operating activities (-)	(2,057)	(2,751)	(33)	(8,522)	(13,363)
<b>Operating profit/(loss)</b>	<b>112,130</b>	<b>76,789</b>	<b>5,376</b>	<b>(3,954)</b>	<b>190,341</b>
Income from investing activities	42,669	573	-	(574)	42,668
Expense from investing activities (-)	-	(742)	-	-	(742)
Impairment gains (losses) and impairment gains (losses) reversals determined in accordance with TFRS 9	1,428	-	-	-	1,428
Income from investments accounted for using equity method	440	-	-	-	440
<b>Operating profit before financial income and expense</b>	<b>156,667</b>	<b>76,620</b>	<b>5,376</b>	<b>(4,528)</b>	<b>234,135</b>
Financial income	115,688	14,724	1,926	(7,045)	125,293
Financial expense (-)	(165,847)	(56,469)	(3,523)	9,603	(216,236)
<b>Profit/(loss) before tax from continued operations</b>	<b>106,508</b>	<b>34,875</b>	<b>3,779</b>	<b>(1,970)</b>	<b>143,192</b>
Tax income/(expense) for the period	(17,820)	(9,367)	-	(3)	(27,190)
<b>Profit/(Loss) for the period</b>	<b>88,688</b>	<b>25,508</b>	<b>3,779</b>	<b>(1,973)</b>	<b>116,002</b>
Purchases of tangible and intangible assets	59,057	86,207	-	-	145,264
Purchases of right-of-use assets	2,441	-	-	-	2,441
Depreciation and amortization charges	(73,109)	(51,650)	-	-	(124,759)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)**</b>	<b>229,776</b>	<b>128,270</b>	<b>5,376</b>	<b>(4,528)</b>	<b>358,894</b>
<b>Statement of financial position (31 March 2020)</b>					
Total assets	7,570,547	2,062,439	2,639,251	(4,989,562)	7,282,675
- Investments accounted for under equity method	16,225	-	-	-	16,225
- Deferred tax assets	268,613	84,820	-	99	353,532
Total liabilities	3,231,829	1,388,908	430,554	(464,213)	4,587,078
- Deferred tax liabilities	-	4,079	-	-	4,079

(\*) Distribution of net sales by geographical regions is given according to the countries where the sales are performed.

(\*\*) EBITDA: Not defined by TMS. The Group defined EBITDA as profit before interest, depreciation and tax. The EBITDA amounts disclosed are shown separately by the Group management for a better understanding and measurement of the Group's operational performance.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 5. SEGMENT REPORTING (continued)

#### Geographical segments

1 January – 31 March 2019	Turkey	Russia, Ukraine and Georgia	Netherlands	Consolidation adjustments	Consolidated
Revenue from third parties	407,654	367,669	-	-	775,323
Revenue from Group companies	102	20,242	-	(20,344)	-
<b>Total net sales (*)</b>	<b>407,756</b>	<b>387,911</b>	<b>-</b>	<b>(20,344)</b>	<b>775,323</b>
Cost of sales (-)	(277,794)	(255,079)	-	14,894	(517,977)
<b>Gross profit</b>	<b>129,962</b>	<b>132,832</b>	<b>-</b>	<b>(5,450)</b>	<b>257,344</b>
Operating expenses (-)	(81,314)	(79,615)	(886)	2,238	(159,577)
Other income from operating activities	27,552	4,199	61	(220)	31,592
Other expenses from operating activities (-)	(7,807)	(2,253)	(52)	(3,845)	(13,957)
<b>Operating profit/(loss)</b>	<b>68,393</b>	<b>55,163</b>	<b>(877)</b>	<b>(7,277)</b>	<b>115,402</b>
Income from investing activities	30,775	5,019	-	(4,917)	30,877
Expense from investing activities (-)	-	(3,903)	-	-	(3,903)
Impairment gains (losses) and impairment gains (losses) reversals determined in accordance with TFRS 9	1,776	-	-	-	1,776
Income from investments accounted for using equity method	664	-	-	-	664
<b>Operating profit before financial income and expense</b>	<b>101,608</b>	<b>56,279</b>	<b>(877)</b>	<b>(12,194)</b>	<b>144,816</b>
Financial income	29,281	5,167	1,698	(2,689)	33,457
Financial expense (-)	(83,059)	(35,405)	(1,820)	4,592	(115,692)
<b>Profit/(loss) before tax from continued operations</b>	<b>47,830</b>	<b>26,041</b>	<b>(999)</b>	<b>(10,291)</b>	<b>62,581</b>
Tax income/(expense) for the period	42,757	(4,065)	-	349	39,041
<b>Profit/(Loss) for the period</b>	<b>90,587</b>	<b>21,976</b>	<b>(999)</b>	<b>(9,942)</b>	<b>101,622</b>
Purchases of tangible and intangible assets	136,617	50,144	-	-	186,761
Purchases of right-of-use asset	(139)	-	-	-	(139)
Depreciation and amortization charges	(53,280)	(44,258)	-	-	(97,538)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)**</b>	<b>154,888</b>	<b>100,537</b>	<b>(877)</b>	<b>(12,194)</b>	<b>242,354</b>
<b>Statement of financial position (31 March 2019)</b>					
Total assets	5,107,069	2,082,635	3,091,244	(4,219,054)	6,061,894
- Investments accounted for under equity method	14,378	-	-	-	14,378
- Deferred tax assets	203,860	108,257	-	846	312,963
Total liabilities	1,934,972	1,507,202	372,749	(91,966)	3,722,957
- Deferred tax liabilities	-	3,926	-	-	3,926

(\*) Distribution of net sales by geographical regions is given according to the countries where the sales are performed.

(\*\*) EBITDA: Not defined by TMS. The Group defined EBITDA as profit before interest, depreciation and tax. The EBITDA amounts disclosed are shown separately by the Group management for a better understanding and measurement of the Group's operational performance.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 6. CASH AND CASH EQUIVALENTS

	31 March 2020	31 December 2019
Cash on hand	6	1
Cash at banks	1,120,080	991,091
- Demand deposits	83,596	53,253
- Time deposits (with maturities of three months or less) (*)	1,036,484	937,838
Provision for losses	(1,565)	(1,226)
	<b>1,118,521</b>	<b>989,866</b>

(\*) Time deposits does not contains restricted cash (31 December 2019: none)

#### Time deposits

Currency	Interest Rate (%)	Maturity	31 March 2020
US Dollar	0,75 – 1,10	2020	894,575
Euro	0,25	2020	78,022
Turkish Lira	10,00	2020	56,562
Others (TL equivalent)	5,45	2020	7,325
			<b>1,036,484</b>

Currency	Interest Rate (%)	Maturity	31 December 2019
US Dollar	1,28 – 1,75	2020	772,102
Euro	0,08	2020	54,300
Turkish Lira	9,77 – 11,90	2020	104,243
Others (TL equivalent)	5,70	2020	7,193
			<b>937,838</b>

The movements in provision for impairment of cash and cash equivalents are as follows:

	2020	2019
January 1	(1,226)	(136)
Expense for the period	(339)	(524)
<b>31 March</b>	<b>(1,565)</b>	<b>(660)</b>

Cash and cash equivalents as of 31 March 2020, 31 March 2019 and 31 December 2019 presented in the consolidated statement of cash flows are as follows:

	31 March 2020	31 December 2019	31 March 2019
Cash and cash equivalents	1,118,521	989,866	559,315
Effect of Interest accrual	(393)	(1,429)	(835)
Effect of Impairment	1,565	1,226	660
	<b>1,119,693</b>	<b>989,663</b>	<b>559,140</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 7. FINANCIAL INVESTMENTS

a) Short-term financial investments	31 March 2020	31 December 2019
Financial investments measured at amortized cost (*)	52,725	47,568
Provision for impairment	(485)	(395)
<b>Total short term financial investments</b>	<b>52,240</b>	<b>47,173</b>

(\*) Short term portion of the semi-annually yielding long term financial asset denominated in US Dollar.

### b) Long-term financial investments

#### Financial investments measured at amortized cost

	31 March 2020	31 December 2019
Financial investments measured at amortized cost	369,484	352,933
Provision for losses	(5,413)	(6,363)
<b>Total long term financial investments</b>	<b>364,071</b>	<b>346,570</b>

Movements of financial investments measured at amortized cost are as below:

	2020	2019
1 January	400,501	358,266
Valuation difference	42,668	29,987
Collected interest	(2,977)	(2,636)
Collected principal	(17,983)	-
<b>31 March</b>	<b>422,209</b>	<b>385,617</b>

The movements in the provision for impairment of financial investments are as follows:

	2020	2019
1 January	(6,758)	(8,846)
Expense for the period	860	859
<b>31 March</b>	<b>(5,898)</b>	<b>(7,987)</b>

#### Financial assets measured at amortized cost

Marketable security issuer	31 March 2020	31 December 2019
Türkiye İş Bankası A.Ş.	101,397	91,203
Türkiye Halk Bankası A.Ş.	57,709	68,934
Türkiye Sınai Kalkınma Bankası A.Ş.	50,019	45,019
Türkcell İletişim Hizmetleri A.Ş.	43,584	39,214
Türkiye Vakıflar Bankası T.A.O.	43,553	39,120
Türkiye Garanti Bankası A.Ş.	37,223	34,377
Arçelik A.Ş.	38,281	34,446
Yapı ve Kredi Bankası A.Ş.	19,744	20,559
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	14,005	12,614
Ziraat Bankası A.Ş.	12,791	11,508
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	2,580	2,316
Finansbank A.Ş.	1,323	1,191
Provision for impairment (-)	(5,898)	(6,758)
<b>Eurobond (*)</b>	<b>416,311</b>	<b>393,743</b>

(\*) Fixed yield securities are accounted at amortized cost using the effective interest rate. Securities in the form of bonds are in US Dollar and have a fixed interest payment every six months.

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020**

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

**7. FINANCIAL INVESTMENTS (Continued)****b) Long-term financial investments (Continued)**

The financial investments measured by the amortized cost are an active market and according to the market prices (according to dirty prices) the values are as follows:

<b>Marketable security issuer</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Türkiye İş Bankası A.Ş.	97,086	92,308
Türkiye Halk Bankası A.Ş.	54,607	67,094
Türkiye Sınai Kalkınma Bankası A.Ş.	48,514	45,420
Türkiye Vakıflar Bankası T.A.O.	41,607	39,598
Turkcell İletişim Hizmetleri A.Ş.	39,284	39,315
Türkiye Garanti Bankası A.Ş.	34,617	34,932
Arçelik A.Ş.	35,742	35,335
Yapı ve Kredi Bankası A.Ş.	18,499	20,631
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	13,046	13,114
Ziraat Bankası A.Ş.	11,771	11,508
Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	2,331	2,385
Finansbank A.Ş.	1,235	1,200
	<b>398,339</b>	<b>402,840</b>

The expiry dates of financial assets measured at amortized cost are as follow:

<b>Collection period</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Less than 3 months	19,636	20,719
3 – 12 months	33,089	26,849
1 – 5 years	336,553	323,302
More than 5 years	32,931	29,631
	<b>422,209</b>	<b>400,501</b>

**8. BORROWINGS**

<b>Current financial borrowings</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Short-term borrowings	390,809	838,576
Operational lease payables	11,394	12,446
Deferred operating lease borrowing costs (-)	(3,143)	(3,007)
<b>Total short-term borrowings</b>	<b>399,060</b>	<b>848,015</b>
<b>Current portion of long-term borrowings</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Current portion of long-term borrowings' principals and interest accruals	53,365	28,663
Principal and installments of bonds issued through Şişecam Holding (*)	400,448	375,651
Discount differences and commissions of bonds issued through Şişecam Holding	(347)	(373)
<b>Total short-term portion of long-term borrowings</b>	<b>453,466</b>	<b>403,941</b>
<b>Total current borrowings</b>	<b>852,526</b>	<b>1,251,956</b>



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 8. BORROWINGS (Continued)

Non-current borrowings	31 March 2020	31 December 2019
Long-term portion of long-term borrowings	1,840,326	1,565,678
Principal and installments of bonds issued through Şişecam Holding (*)	912,240	831,628
Discount differences and commissions of bonds issued through Şişecam Holding	(10,052)	(10,442)
Operational lease payables	25,319	23,800
Deferred operating lease borrowing costs (-)	(12,658)	(12,238)
<b>Total non-current borrowings</b>	<b>2,755,175</b>	<b>2,398,426</b>
<b>Total borrowings</b>	<b>3,607,701</b>	<b>3,650,382</b>

(\*) In May 9, 2013, T. Şişe ve Cam Fabrikaları A.Ş. issued fixed interest bonds with a nominal value of US Dollars 500,000 thousand and maturity dated May 2020 representing a 7 year term. Interest rate of the bond was determined as 4.25%. The capital payment of the bond will be made at the maturity date. US Dollars 100,000 thousand provided from this bond issue was transferred to Group with the same condition and the Group is guarantor for the portion transferred to itself regarding the principle, interest and other payments. On March 29, 2019, the nominal value of US Dollars 40,016 thousand was paid off before maturity. The remaining nominal amount of US Dollars 59,984 thousand will expire on May 9, 2020.

On 27 April 2018 with the decision 19/546 approved by CMB, the Company get the right of issue of bond to foreign qualified investor in one year amounting to US Dollars 750,000 thousand ceiling. In this ceiling total US Dollars 700,000 thousand was issued whereas nominal value amounting to US Dollars 550,000 thousand on March 14, 2019 and nominal value amounting to US Dollars 150,000 thousand on March 28, 2019. The maturity date as same as March 14, 2026 and coupon interest rate is 6.95% The amount of US Dollars 140,000 thousand, which was provided after the issuance of these bonds, was transferred to the Group on the same terms and the guarantee was paid for the principal, interest and similar payments to the Group.

As of the date of the statement of financial position, risk of changes in interest rates on loans and contractual repricing dates are as follows:

Repricing periods for loans	31 March 2020	31 December 2019
Less than 3 months	178,211	629,581
3 - 12 months	265,964	237,657
1 - 5 years	1,830,311	1,556,445
More than 5 years	10,014	9,234
	<b>2,284,500</b>	<b>2,432,917</b>

There is a issued bond amounting to TRY 1,302,289 thousand. The nominal issuance amount of this item is US Dollars 59,984 thousand and the coupon interest rate is 4.25% (effective interest rate is 4.43%) and the nominal amount is US Dollars 140,000 thousand and the coupon interest rate is 6.95%, interest rate 7.32%). Coupon interest payments are made in equal installments every six months (31 December 2019: TRY 1,196,464 thousand).

The Group does not have any financial leases (2019: None).

Payables from operating leases are paid in monthly equal installments (31 December 2019: paid in monthly equal installments).

The impact of discounting process are not significant due to given interest rates for short-term loans and their carrying values approximate to their fair values. The fair values are determined using the weighted average effective annual interest rates. The long-term financial liabilities are generally subject to repricing within three and six month periods and a large amount of those liabilities consists of foreign currency denominated loans. Therefore, it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

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### 8. BORROWINGS (Continued)

Short and long-term bank borrowings are summarized as below:

#### 31 March 2020

Currencies	Maturity	Interest (%) (*)	Short-term	Long-term
US Dollar	2020 – 2026	3,6 - 6,95	409,207	919,230
Euro	2020 – 2026	1,1	18,367	440,426
Russian Rouble ("RUR")	2020 – 2021	9,0	321,941	722,858
Turkish Lira and other	2020	12,5	103,011	672,661
			<b>852,526</b>	<b>2,755,175</b>

(\*) The weighted average interest rate for Euro is Euribor + 1.10%, for US Dollar is Libor + 2.75% (Average effective annual interest rate for Euro is 1.03%, for US Dollar is 3.60%, for RUR is 2.60%).

#### 31 December 2019

Currencies	Maturity	Interest (%) (*)	Short-term	Long-term
US Dollar	2020 – 2026	3,6 - 6,95	383,325	836,722
Euro	2020 – 2026	0,8 – 3,0	381,595	40,094
Russian Rouble ("RUR")	2020 – 2021	9,0	355,527	850,048
Turkish Lira and other	2020	18,1	131,509	671,562
			<b>1,251,956</b>	<b>2,398,426</b>

(\*) The weighted average interest rate for Euro is Euribor + 1.25%, for US Dollar is Libor + 2.75% (Average effective annual interest rate for Euro is 1.21%, for US Dollar is 5,28% and for RUR is 5.06%).

The redemption schedule of the financial liabilities is as follows:

	31 March 2020	31 December 2019
Less than 1 year	852,526	1,251,956
1 – 2 years	751,165	875,738
2 – 3 years	1,072,655	674,550
3 – 4 years	7,009	6,447
4 – 5 years	7,098	6,526
More than 5 years	917,248	835,165
	<b>3,607,701</b>	<b>3,650,382</b>

Financial borrowings between 1 January – 31 March 2020 are summarized below:

Bank Borrowings	Principal	Interest	Commission	Total
1 January	2,425,589	9,430	(2,102)	2,432,917
Currency translation differences	(151,306)	(1,435)	3	(152,738)
Foreign exchange (gains) / losses	8,196	-	-	8,196
Additions during the period	1,474,555	45,276	(181)	1,519,650
Paid during the period	(1,501,054)	(22,661)	190	(1,523,525)
<b>31 March 2020</b>	<b>2,255,980</b>	<b>30,610</b>	<b>(2,090)</b>	<b>2,284,500</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 8. BORROWINGS (Continued)

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
1 January	1,187,945	19,334	(9,307)	(1,508)	1,196,464
Foreign exchange (gains) / losses	115,151	-	-	-	115,151
Additions during the period	-	20,550	-	-	20,550
Paid during the period	-	(30,292)	338	78	(29,876)
<b>31 March 2020</b>	<b>1,303,096</b>	<b>9,592</b>	<b>(8,969)</b>	<b>(1,430)</b>	<b>1,302,289</b>

Borrowings from operating leases	Principal	Interest	Commission	Total
1 January	21,002	15,244	-	36,246
Currency translation differences	(215)	(12)	-	(227)
Revaluation (*)	618	-	-	618
Foreign Exchange (gains)/losses	84	-	-	84
Additions during the period	2,441	1,461	-	3,902
Paid during the period	(3,016)	(894)	-	(3,910)
<b>31 March 2020</b>	<b>20,914</b>	<b>15,799</b>	<b>-</b>	<b>36,713</b>

(\*) The Group has remeasured the leasing liability to reflect changes in foreign exchange rates and price increases, and the effect is reflected in the financial statements as a correction of the right to use the asset (Note 20).

Financial borrowings between 1 January – 31 March 2019 are summarized below:

Bank Borrowings	Principal	Interest	Commission	Total
1 January	1,527,517	5,033	(2,332)	1,530,218
Currency translation differences	173,147	448	(58)	173,537
Foreign exchange (gains) / losses	4,479	-	-	4,479
Additions during the period	655,176	28,416	(1,194)	682,398
Paid during the period	(643,330)	(27,716)	230	(670,816)
<b>31 March 2019</b>	<b>1,716,989</b>	<b>6,181</b>	<b>(3,354)</b>	<b>1,719,816</b>

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
1 January	526,090	2,704	(292)	(116)	528,386
Foreign exchange (gains) / losses	61,607	-	-	-	61,607
Additions during the period	759,674	8,397	(10,181)	(1,669)	756,221
Paid during the period	(221,781)	(3,286)	193	38	(224,836)
<b>31 March 2019</b>	<b>1,125,590</b>	<b>7,815</b>	<b>(10,280)</b>	<b>(1,747)</b>	<b>1,121,378</b>

Borrowings from operating leases	Principal	Interest	Commission	Total
1 January	29,347	19,643	-	48,990
Currency translation differences	360	42	-	402
Revaluation (*)	297	(162)	-	135
Additions during the period	139	63	-	202
Paid during the period	(2,536)	(1,116)	-	(3,652)
<b>31 March 2019</b>	<b>27,607</b>	<b>18,470</b>	<b>-</b>	<b>46,077</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 9. OTHER FINANCIAL LIABILITIES

None (31 December 2019: None).

### 10. TRADE RECEIVABLES AND PAYABLES

#### Trade Receivables

Current trade receivable	31 March 2020	31 December 2019
Trade Receivables	1,081,069	1,047,087
Due from related parties (Note 38)	1,961	2,354
Notes receivable	14,138	11,840
Other trade receivables	8	8
Rediscount on trade receivables (-)	(3,800)	(4,910)
Allowance for doubtful receivables (-)	(8,654)	(11,219)
	<b>1,084,722</b>	<b>1,045,160</b>

Since the group did not make factoring in the period, there was no financing expense due to trade receivables. (Note 34) (31 December 2019: RUR 12,519 thousand (TRY 1,092 thousand))

Sales terms for the Group’s domestic sales based on the main product lines are as follows:

The Group has been selling its products in advance since 1 November 2009. For customers not paying in advance, a monthly interest of 1% for payment terms up to 121 days, and a monthly interest rate of 1.50% is applied for overdue receivables.

The average term for the domestic sales is 59 days (2019: 65 days).

The average term for the foreign sales is 80 days (2019: 76 days).

The Group has recognized provision for doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date.

The Group has no significant concentration on credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables.

Allowance for doubtful receivables for the periods March 31, 2020 and 2019:

	2020	2019
1 January	(11,219)	(9,899)
Currency translation differences	610	(576)
Reversal of provision	1,955	1,763
<b>31 March</b>	<b>(8,654)</b>	<b>(8,712)</b>

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**10. TRADE RECEIVABLES AND PAYABLES (Continued)**

The Group has obtained the following collaterals for trade receivables:

	31 March 2020	31 December 2019
Domestic and foreign receivable guarantees	414,432	449,588
Letter of guarantees, promissory notes and bills	86,339	88,191
Direct debiting system ("DDS")	27,801	27,660
Mortgages	7,650	7,650
	<b>536,222</b>	<b>573,089</b>

The aging analysis below represents the overdue but not impaired trade receivables. This is related to several independent customers with no recent history of default.

	31 March 2020	31 December 2019
1-30 days	66,495	58,680
1-3 months	31,738	8,448
3-6 months	2,373	593
6-12 months	147	91
1-5 years	1,173	1,325
<b>Total overdue receivables</b>	<b>101,926</b>	<b>69,137</b>
<b>The part under guarantee with collateral. etc</b>	<b>47,868</b>	<b>56,794</b>

**Trade Payables**

	31 March 2020	31 December 2019
<b>Current trade payables</b>		
Trade payables	412,313	406,620
Due to related parties (Note 38)	152,296	170,069
Other trade payables	49	51
Rediscount of payables (-)	(1,608)	(1,659)
	<b>563,050</b>	<b>575,081</b>

**11. OTHER RECEIVABLES AND PAYABLES**

	31 March 2020	31 December 2019
<b>Other current receivables</b>		
Due from related parties (Note 38)	2,458	87,522
Due from tax authorities	27,300	9,034
Other receivables	2,135	1,233
Deposits and guarantees given	750	693
Due from personnel	450	233
Provision for goods in transit	141	775
Other doubtful receivables	797	2,370
Provision for other doubtful receivables (-)	(797)	(2,370)
	<b>33,234</b>	<b>99,490</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 11. OTHER RECEIVABLES AND PAYABLES (Continued)

Movement of provision for doubtful other current receivables are follows:

	2020	2019
1 January	(2,370)	(1,164)
Currency translation differences	201	(172)
Reversal of provision	1,372	-
<b>31 March</b>	<b>(797)</b>	<b>(1,336)</b>
<b>Other non-current receivables</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Deposits and guarantees given	563	585
Due from tax authority	7,658	7,658
Allowance for other doubtful receivables (-)	(7,658)	(7,658)
	<b>563</b>	<b>585</b>

There is no movements on other long-term doubtful receivables (2019: none.).

<b>Other current payables</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Due to related parties (Note 38) (*)	176,710	26,647
Deposits and guarantees received	19,649	21,823
Other payables	1,396	571
	<b>197,755</b>	<b>49,041</b>

(\*) The Ordinary General Assembly meeting for 2019 was held on 26 March 2020. As of 31 March 2020, dividend payments have not been made yet.

### 12. DERIVATIVE INSTRUMENTS

The Group has signed the cross-currency swap agreements in 2019, stated below to protect the portion of USD 100,000 thousand (approximately 71% of the initial amount) in cash flow risk from debt instruments with a nominal value of USD 140,000 thousand issued abroad and a coupon rate of 6.95% in every six months from the principal payment dated March 14, 2026 (Note 8). Cash flow dates and interest rates on USD currency (6.95%) of above- mentioned agreements and of hedged item are equal.

The Group has signed the following contracts in 2019 to protect against cash flow risk:

- On 17 April 2019, the group agreed with Türkiye Ekonomi Bankası (TEB) for a purchase of USD 100,000 thousand, EUR 88,496 thousand sale on 13 March 2026 and a USD 6.95% interest rate swap with an interest rate of EUR 4.68% in every six months until 13 March 2026 starting from 13 September 2019.

Cross-currency swap agreements were signed in 2019 to protect against cash flow risk, the portion of EUR 2,094 thousand interest payment has been realized as of 13 March 2020, the portion of EUR 2,117 thousand interest payment has been realized in 2019.

The group has measured that financial risk protection is highly effective in its forward-looking activity tests. According to the "scenario analysis" method in the forward-looking activity test, he made a quantitative assessment at the beginning of the swap contract and as of the reporting period.

The effective portion of the fair value of the swap transaction is recognized in equity due to the high effectiveness of the activity tests on the above-mentioned swaps contracts. Subsequently, the portion of this amount, which is accounted under shareholder's equity, corresponding to the periods when the protected item affects the profit and loss is reclassified to profit and loss.

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### 12. DERIVATIVE INSTRUMENTS (Continued)

The distributions related to derivative instruments are as follows

	31 March 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Swap transactions	72,781	-	15,338	-
Forward transactions	-	-	-	-
	<b>72,781</b>	<b>-</b>	<b>15,338</b>	<b>-</b>

The movements related to derivative instruments are as follows:

Net Assets / (Liabilities)	2020	2019
1 January	15,338	-
Hedging reserves accounted in comprehensive income	46,447	-
Valuation differences accounted in profit or loss	17,947	-
- Foreign exchange profits (losses) accounted under finance income/expenses	14,584	-
- Interest income (expenses) accounted under finance income/expenses	3,363	-
Realized exchange rate cash outflows/(inflows)	(6,951)	-
<b>31 March</b>	<b>72,781</b>	<b>-</b>

### 13. INVENTORIES

	31 March 2020	31 December 2019
Raw materials	209,953	218,341
Semi-finished goods	3,487	3,712
Finished goods	504,761	387,514
Trade goods	15	15
Other inventories	16,584	17,652
Provision for impairment of inventory (-)	(12,582)	(13,130)
	<b>722,218</b>	<b>614,104</b>

As the end of March 31, 2020 and 2019 the movement of provision for impairment of inventory is as follows:

	2020	2019
1 January	(13,130)	(11,893)
Provisions for the period	558	434
Additions	(512)	(1,235)
Exchange differences on translation	502	(508)
<b>31 March</b>	<b>(12,582)</b>	<b>(13,202)</b>

### 14. PREPAID EXPENSES AND DEFERRED INCOME

#### Prepaid expenses

Short-term prepaid expenses	31 March 2020	31 December 2019
Advances given for inventories	32,224	42,360
Prepaid expenses	9,876	1,001
	<b>42,100</b>	<b>43,361</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 14. PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long-term prepaid expenses	31 March 2020	31 December 2019
Advances given for tangible and intangible assets	18,241	46,319
Prepaid expenses	72	93
	18,313	46,412

The movements of advances given for tangible and intangible assets is as follows:

	2020	2019
1 January	46,319	93,336
Advances given in the period	28,509	294,906
Exchange differences on translation	(3,624)	1,194
Paid during the period	(52,963)	(198,464)
<b>31 March</b>	<b>18,241</b>	<b>190,972</b>

### Deferred Income

Short-term deferred income	31 March 2020	31 December 2019
Advances received	7,746	10,021
Short-term deferred income	835	864
	8,581	10,885

### 15. CONTRACT ASSETS AND LIABILITIES

In accordance with TFRS- 15 “Revenue from contracts with customers” standard, the Group recognized receivables for the contracts whereas the obligation fulfilled and liability for the contracts whereas the obligation to be fulfilled.

#### Customer Contract Receivables

The Group recognized receivables on 1 January - 31 March 2020 period for the contracted manufacturer products and the expected collection periods for related receivables are as follows:

	31 March 2020	31 December 2019
Till 1 month	260	-
Till 1-3 months	9,608	9,645
Till 3-6 months	6,084	5,372
	15,952	15,017

#### Customer Contract Liabilities

The Group recognized liability for the transactions to fulfill the obligation and aforementioned liability’s expected payment periods are as follows:

	31 March 2020	31 December 2019
Till 1 month	15,769	9,086



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 16. JOINT VENTURES AND ASSOCIATES

Net asset values presented in the statement of financial position of the associate is as follows:

	31 March 2020	31 December 2019
Camiş Elektrik Üretim A.Ş.	16,225	15,785
	<b>16,225</b>	<b>15,785</b>

Movements of the investments accounted for using equity accounting method during the period are below:

	2020	2019
1 January	15,785	18,930
Net income/ (expense) from associate	440	664
Dividend income from associate	-	(5,216)
<b>31 March</b>	<b>16,225</b>	<b>14,378</b>

The summary of the financial statements of associate is as follows:

#### Camiş Elektrik Üretim A.Ş.

	31 March 2020	31 December 2019
Current assets	58,160	55,737
Non-current assets	13,980	14,921
<b>Total assets</b>	<b>72,140</b>	<b>70,658</b>
Current liabilities	8,232	8,466
Non-current liabilities	1,720	1,692
<b>Total liabilities</b>	<b>9,952</b>	<b>10,158</b>
<b>Net assets</b>	<b>62,188</b>	<b>60,500</b>
<b>Group share (%)</b>		
Direct and indirect ownership rate (%)	26.09	26.09
Effective ownership rate (%)	26.09	26.09
<b>Group share in net assets</b>	<b>16,225</b>	<b>15,785</b>
	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Revenue	20,542	16,669
<b>Profit from continuing operations</b>	<b>1,688</b>	<b>2,552</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>1,688</b>	<b>2,552</b>
<b>The Group share in profit from continuing operations</b>	<b>440</b>	<b>664</b>
<b>Dividend distribution from retained earnings</b>	<b>-</b>	<b>20,000</b>
<b>The Group share in dividend distributed</b>	<b>-</b>	<b>5,216</b>

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**17. INVESTMENT PROPERTIES**

	<b>Net Book Value</b>	<b>Revaluation Fund</b>	<b>Gain / (Loss) Effect of Revaluation</b>	<b>Fair Value</b>
1 January	64,512	9,230	-	73,742
Decrease on Revaluation	-	-	-	-
<b>31 March 2020</b>	<b>64,512</b>	<b>9,230</b>	<b>-</b>	<b>73,742</b>

	<b>Net Book Value</b>	<b>Revaluation Fund</b>	<b>Gain / (Loss) Effect of Revaluation</b>	<b>Fair Value</b>
1 January	64,512	13,399	-	77,911
Transfers from property, plant and equipment	-	-	-	-
<b>31 March 2019</b>	<b>64,512</b>	<b>13,399</b>	<b>-</b>	<b>77,911</b>

The Group has classified its properties, which are not used for administrative purposes, as investment properties with their fair value. The initial classification on December 31, 2018 Revaluation and Measurement Gains / (Losses) accounted under equity.

The fair value of the related real estates is based on the evaluations made by Harmoni Gayrimenkul ve Danışmanlık A.Ş. which holds the relevant capital market real estate appraisal license, has the necessary professional knowledge and has an up-to-date knowledge of the class and location of its properties.

Cost analysis, direct capitalization, cash flow analysis and direct comparison analysis methods were used for the parcels of the real estates, the existing construction plan with appraisal plan and / or the buildings with existing building permits. The scarcity of the number of land parcels in the region and region where the real estates subject to appraisal is located, transportation relations and environmental structures, and the ongoing zoning plan processes in the region have been reached by taking into account the results.

Investment property is located in Turkey.

No rental income has been received from the investment property.

The fair value level of the investment properties is determined as 2 (Level 2: The amount that is directly or indirectly used in finding the market observable price other than the market price).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 18. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
<b>1 January 2020</b>	<b>321,691</b>	<b>173,154</b>	<b>1,026,481</b>	<b>3,911,764</b>	<b>17,609</b>	<b>108,560</b>	<b>667,923</b>	<b>141,177</b>	<b>6,368,359</b>
Currency translation difference	(5,328)	(22,435)	(90,194)	(242,728)	(2,170)	(3,018)	(38,157)	(17,354)	(421,384)
Additions(*)	15	-	102	2,681	218	11	9,178	133,059	145,264
Disposals	-	-	-	(126,274)	(5)	(218)	(7,977)	-	(134,474)
Transfers from construction in progress	-	216	1,882	27,610	-	1,826	27,050	(58,584)	-
<b>31 March 2020 Closing Balance</b>	<b>316,378</b>	<b>150,935</b>	<b>938,271</b>	<b>3,573,053</b>	<b>15,652</b>	<b>107,161</b>	<b>658,017</b>	<b>198,298</b>	<b>5,957,765</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2020</b>	<b>-</b>	<b>117,888</b>	<b>72,497</b>	<b>2,160,069</b>	<b>12,768</b>	<b>63,348</b>	<b>465,752</b>	<b>-</b>	<b>2,892,322</b>
Currency translation difference	-	(16,316)	(8,187)	(160,945)	(1,488)	(2,661)	(26,925)	-	(216,522)
Charge for the period (**)	-	1,489	14,270	72,228	367	2,584	30,317	-	121,255
Disposals	-	-	-	(114,247)	(5)	(216)	(7,453)	-	(121,921)
<b>31 March 2020 Closing Balance</b>	<b>-</b>	<b>103,061</b>	<b>78,580</b>	<b>1,957,105</b>	<b>11,642</b>	<b>63,055</b>	<b>461,691</b>	<b>-</b>	<b>2,675,134</b>
<b>Net book value as of 31 March 2020</b>	<b>316,378</b>	<b>47,874</b>	<b>859,691</b>	<b>1,615,948</b>	<b>4,010</b>	<b>44,106</b>	<b>196,326</b>	<b>198,298</b>	<b>3,282,631</b>
<b>Net book value as of 31 December 2019</b>	<b>321,691</b>	<b>55,266</b>	<b>953,984</b>	<b>1,751,695</b>	<b>4,841</b>	<b>45,212</b>	<b>202,171</b>	<b>141,177</b>	<b>3,476,037</b>

(\*) Additions does not include finance expenses capitalized (Note 8).

(\*\*) The distribution of the period depreciation expense is given in Note 29 and Note 31.

(\*\*\*) As of 31 December 2018, the land, land improvements and buildings were accounted by net method of the revaluation model according to the results of expertise, dated 30 September 2018.

The Group does not have any mortgages over land and buildings (1 January- 31 December 2019: None).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
<b>1 January 2019</b>	<b>312,469</b>	<b>120,239</b>	<b>857,014</b>	<b>2,997,339</b>	<b>11,879</b>	<b>90,491</b>	<b>577,164</b>	<b>134,899</b>	<b>5,101,494</b>
Currency translation difference	4,179	15,178	71,005	177,438	1,278	2,399	29,876	15,423	316,776
Additions (*)	-	355	2,889	3,595	45	223	13,234	166,420	186,761
Disposals	-	-	-	(10,929)	(134)	(437)	(3,996)	-	(15,496)
Transfers from construction in progress	-	167	3,891	58,550	-	1,477	20,911	(84,996)	-
<b>31 March 2019 closing balance</b>	<b>316,648</b>	<b>135,939</b>	<b>934,799</b>	<b>3,225,993</b>	<b>13,068</b>	<b>94,153</b>	<b>637,189</b>	<b>231,746</b>	<b>5,589,535</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2019</b>	<b>-</b>	<b>91,004</b>	<b>12,189</b>	<b>1,766,351</b>	<b>10,581</b>	<b>52,152</b>	<b>432,523</b>	<b>-</b>	<b>2,364,800</b>
Currency translation difference	-	12,170	1,771	118,227	1,116	2,139	21,511	-	156,934
Charge for the period (**)	-	1,016	13,328	53,418	165	2,068	24,769	-	94,764
Disposals	-	-	-	(10,326)	(107)	(422)	-	-	(10,855)
<b>31 March 2019 closing balance</b>	<b>-</b>	<b>104,190</b>	<b>27,288</b>	<b>1,927,670</b>	<b>11,755</b>	<b>55,937</b>	<b>478,803</b>	<b>-</b>	<b>2,605,643</b>
<b>Net book value as of 31 March 2019</b>	<b>316,648</b>	<b>31,749</b>	<b>907,511</b>	<b>1,298,323</b>	<b>1,313</b>	<b>38,216</b>	<b>158,386</b>	<b>231,746</b>	<b>2,983,892</b>
<b>Net book value as of 31 December 2018</b>	<b>312,469</b>	<b>29,235</b>	<b>844,825</b>	<b>1,230,988</b>	<b>1,298</b>	<b>38,339</b>	<b>144,641</b>	<b>134,899</b>	<b>2,736,694</b>

(\*) Additions does not include finance expenses capitalized (Note 8).

(\*\*) Allocation of charge for the period is disclosed in Note 29 and Note 31.

As of 31 December 2018, the land, land improvements and buildings were accounted by net method of the revaluation model according to the results of expertise, dated 30 September 2018

The Group does not have any mortgages over land and buildings. (1 January - 31 December 2018: None)

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 19. RIGHT OF USE ASSETS

Cost Value	Lands and Land Improvements	Buildings	Plant, machinery and equipment	Vehicles	Fixtures	Total
<b>1 January 2020</b>	-	<b>33,210</b>	<b>7,781</b>	<b>1,955</b>	-	<b>42,946</b>
Currency translation differences	-	(684)	-	-	-	(684)
Revaluation (*)	-	618	-	-	-	618
Additions	-	1,095	1,346	-	-	2,441
<b>31 March 2020 closing balance</b>	-	<b>34,239</b>	<b>9,127</b>	<b>1,955</b>	-	<b>45,321</b>
<b>Accumulated Amortization</b>						
<b>1 January 2020</b>	-	<b>17,626</b>	<b>6,064</b>	<b>1,525</b>	-	<b>25,215</b>
Currency translation differences	-	(491)	-	-	-	(491)
Charge for the period (**)	-	1,983	1,011	176	-	3,170
<b>31 March 2020 closing balance</b>	-	<b>19,118</b>	<b>7,075</b>	<b>1,701</b>	-	<b>27,894</b>
<b>Net book value as of 31 March 2020</b>	-	<b>15,121</b>	<b>2,052</b>	<b>254</b>	-	<b>17,427</b>
<b>Net book value as of 31 December 2019</b>	-	<b>15,584</b>	<b>1,717</b>	<b>430</b>	-	<b>17,731</b>

(\*) It refers to the changes in the lease payments due to the price index increase / (decrease).

(\*\*) The distribution of expenses for the period amortization shares is given in Note 29 and Note 31.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 19. RIGHT OF USE ASSETS

Cost Value	Lands and Land Improvements	Buildings	Plant, machinery and equipment	Vehicles	Fixtures	Total
<b>1 January 2019</b>	-	-	-	-	-	-
Effect of changes in accounting policy (***)	-	32,245	6,593	1,739	-	40,577
Amount after adjustment	-	32,245	6,593	1,739	-	40,577
Currency translation differences	-	530	-	-	-	530
Revaluation (*)	-	-	297	-	-	297
Additions	-	-	-	139	-	139
<b>31 March 2019 closing balance</b>	-	<b>32,775</b>	<b>6,890</b>	<b>1,878</b>	-	<b>41,543</b>
<b>Accumulated Amortization</b>						
<b>1 January 2019</b>	-	-	-	-	-	-
Effect of changes in accounting policy (***)	-	9,335	3,741	915	-	13,991
Amount after adjustment	-	9,335	3,741	915	-	13,991
Currency translation differences	-	190	-	-	-	190
Charge for the period (**)	-	1,936	548	151	-	2,635
<b>31 March 2019 closing balance</b>	-	<b>11,461</b>	<b>4,289</b>	<b>1,066</b>	-	<b>16,816</b>
<b>Net book value as of 31 March 2019</b>	-	<b>21,314</b>	<b>2,601</b>	<b>812</b>	-	<b>24,727</b>

(\*) It refers to the changes in the lease payments due to the price index increase / (decrease).

(\*\*) The distribution of expenses for the period amortization shares is given in Note 29 and Note 31.

(\*\*\*) Since TFRS-16 is the first year implementation of the “Leases” standart, the cumulative effect of previous years with the facilitated method recognized by the standart is stated in the title “Effect of change in accounting policy”.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 20. INTANGIBLE ASSETS

#### Cost:

<b>1 January 2020</b>	<b>12,316</b>
Currency translation differences	(216)
Additions	-
<b>31 March 2020 Closing Balance:</b>	<b>12,100</b>
<b>Accumulated amortization:</b>	
<b>1 January 2020</b>	<b>9,307</b>
Currency translation differences	(208)
Charge for the period (*)	334
<b>31 March 2020 Closing Balance:</b>	<b>9,433</b>
<b>Net book value as of 31 March 2020</b>	<b>2,667</b>
<b>Net book value as of 31 December 2019</b>	<b>3,009</b>

#### Cost:

<b>1 January 2019</b>	<b>9,020</b>
Currency translation differences	253
Additions	-
<b>31 March 2019</b>	<b>9,273</b>
<b>Accumulated amortization:</b>	
<b>1 January 2019</b>	<b>7,727</b>
Currency translation differences	234
Charge for the period (*)	139
<b>31 March 2019 Closing Balance:</b>	<b>8,100</b>
<b>Net book value as of 31 March 2019</b>	<b>1,173</b>
<b>Net book value as of 31 December 2018</b>	<b>1,293</b>

(\*) Distribution of amortization expense is disclosed in Note 29 and Note 31.

Intangible assets consist of rights and other items.

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**21. GOODWILL**

The movement of the changes in goodwill is as follows:

	2020	2019
1 January	5,112	4,032
Currency translation differences	(765)	594
<b>31 March</b>	<b>4,347</b>	<b>4,626</b>

**22. GOVERNMENT GRANTS****Income Withholding Tax**

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2012/3305 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

**Export transactions and other foreign exchange earning activities**

Exports and other foreign currency denominated operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees. Government grants are paid to support participating in international fairs in accordance with the Decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

**23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES****Short-term provisions**

	31 March 2020	31 December 2019
Litigation provisions	22,578	22,578
Provision of cost	55,347	21,838
Provisions for employee benefits (Note 25)	7,543	7,389
	<b>85,468</b>	<b>51,805</b>

The total amount of the lawsuits as of 31 March 2020 filed and continuing against is approximately TRY 33,096 thousand (31 December 2019: TRY 30,167 thousand). The Group is claimant or defendant in several lawsuits resulting from its ordinary activities during the period. The Group Management assesses that the amount of TRY 22,578 thousand has been provisioned based on the opinions from the independent legal and tax attorneys as of 31 March 2020 (31 December 2019: TRY 22,578 thousand).



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges and mortgages “CPM” given by the Group as of 31 March 2020 and 31 December 2019 are as follows:

31 March 2020					
The CPMs given by the Group	TRY equivalent	US Dollar	EUR	RUR	TRY and TRY equivalent of other currencies
A. CPM's given in the name of its own legal personality	16,077	-	-	-	16,077
B. Total CPM's given on behalf of the fully consolidated companies	503,451	3,899	55,000	1,000,000	-
C. CPM's given on behalf of third parties for ordinary course of business	11,458	-	-	-	11,458
D. Other Total amount of other CPM's given					
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total</b>	<b>530,986</b>	<b>3,899</b>	<b>55,000</b>	<b>1,000,000</b>	<b>27,535</b>
31 December 2019					
The CPMs given by the Group	TRY equivalent	US Dollar	EUR	RUR	TRY and TRY equivalent of other currencies
A. CPM's given in the name of its own legal personality	19,264	-	-	-	19,264
B. CPM's given on behalf of the fully consolidated companies	723,264	3,899	55,000	3,500,000	-
C. CPM's given on behalf of third parties for ordinary course of business	11,458	-	-	-	11,458
D. Total amount of other CPM's given					
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total</b>	<b>753,986</b>	<b>3,899</b>	<b>55,000</b>	<b>3,500,000</b>	<b>30,722</b>

As of 31 March 2020 there is no CPM provided by the Group. (31 December 2019: None)

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**24. COMMITMENTS**

As per the agreements signed between the Group Boru Hatları ve Petrol Taşıma A.Ş. (“BOTAŞ”) and Eskişehir Organize Sanayii Bölge Müdürlüğü, there is natural gas purchasing commitment 101,542,146 sm<sup>3</sup> between the dates 1 April – 31 December 2020 (31 December 2019: 135,211,702 sm<sup>3</sup>).

**25. EMPLOYEE BENEFITS****Short-term liabilities for employee benefits**

	31 March 2020	31 December 2019
Payables to personnel	12,132	3,997
<b>Short-term provisions for employee benefits</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Unused vacation provision	7,543	7,389

**Long-term provision for employee benefits****Provision for employment termination benefit**

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 6,730.15 for each period of service as of 31 March 2020 (31 December 2019: TRY 6,379.86), TRY 6,730.15 which is effective from January 1 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2019: TRY 6,730.15 is valid as of 1 January 2020).

Liability of employment termination benefits is not subject to any funding as there is not an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans.

The following actuarial assumptions are used in the calculation of the total liability. Remeasurement differences are accounted in the other comprehensive income under “Revaluation Funds”.

The principal assumption is that the maximum liability for each year of service will increase in line 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 consolidated financial statements as of 31 March 2020 and 31 December 2019 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 8.20% (31 December 2019: 8.20%) and a discount rate of 14.69% (31 December 2019: 14.69%), the real discount rate is approximately 6.00% (31 December 2019: 6.00%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The probability of the workers retirement rate as of the date of 31 March 2020 is 99.29 % (31 December 2019: 99.05%).

All of the provision for retirement benefits of the Group are reserved in Turkey. There is no need to provide provisions in accordance with the legal regulations of other countries.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 25. EMPLOYEE BENEFITS (Continued)

As of December 31, 2020 and 2019 the movement of the employment termination benefits are as follows:

	2020	2019
1 January	70,312	63,224
Service costs	312	144
Interest costs	2,575	2,370
Payments made during the period	(2,111)	(3,102)
<b>31 March</b>	<b>71,088</b>	<b>62,636</b>

### 26. IMPAIRMENT OF ASSETS

	31 March 2020	31 December 2019
Provision for impairment of inventories (Note 13)	12,582	13,130
Provision for doubtful trade receivables (Note 10)	8,654	11,219
Provision for impairment of short term financial investments (Note 7)	485	395
Provision for impairment of long term financial investments (Note 7)	5,413	6,363
Provision for other doubtful short term trade receivables (Note 11)	797	2,370
Provision for other doubtful long term trade receivables (Note 11)	7,658	7,658
Provision for impairment on cash and cash equivalents (Note 6)	1,565	1,226
	<b>37,154</b>	<b>42,361</b>

### 27. OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2020	31 December 2019
Deductible VAT on export sales	1,098	12,095
Deferred Value Added Taxes ("VAT")	1,913	1,836
	<b>3,011</b>	<b>13,931</b>

Other non-current liabilities	31 March 2020	31 December 2019
Taxes and funds payables	13,105	15,365
Social security premiums payable	8,115	6,715
Calculated VAT	208	387
Other	27	21
	<b>21,455</b>	<b>22,488</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 28. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Equity components “Paid-in Share Capital”, “Restricted Reserves” and “Share Premiums”, are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code (“TCC”) and are presented with in the statutory financial statements. Each equity account should be disclosed separately as ‘adjustment to share capital’, ‘share premiums’ and ‘restricted reserves’. The differences, that are recognized through the valuation made in accordance with TAS/IFRS and cannot be subject to dividend distribution or capital increase as of reporting date (such as inflation adjustment differences) and relevant to the paid-in share capital, are associated with “Adjustments to Share Capital” which is under paid-in share capital and the differences resulting from the “Restricted Reserves” and “Share Premiums” are associated with “Prior Years’ Profit or Loss”.

#### a) Capital/Treasury Shares

The approved and paid-in share capital of the Company consists of 75,000,000,000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

	31 March 2020	31 December 2019
Registered capital ceiling	2,000,000	2,000,000
Approved paid-in capital	750,000	750,000

	31 March 2020		31 December 2019	
	Amount Thousand TRY	Share (%)	Amount Thousand TRY	Share (%)
<b>Shareholders</b>				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	583,463	77.80	579,528	77.27
Other (*)	166,537	22.20	170,472	22.73
<b>Nominal capital</b>	<b>750,000</b>	<b>100.00</b>	<b>750,000</b>	<b>100.00</b>
Adjustments to share capital	1	-	1	-
<b>Adjusted capital</b>	<b>750,001</b>	<b>100.00</b>	<b>750,001</b>	<b>100.00</b>

(\*) Other includes the publicly traded portion.

#### b) Share premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 35 as of 31 March 2020 (31 December 2019: TRY 35).

#### c) Other Accumulated Comprehensive Income that will not to be reclassified in profit or loss

	31 March 2020	31 December 2019
Gain/loss fund on revaluation	671,496	718,903
- Revaluation funds on land and buildings	663,189	710,596
- Fair value difference fund of investment properties	8,307	8,307
Gains (Losses) on remeasurement of defined benefit plans	1,133	1,133
	<b>672,629</b>	<b>720,036</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 28. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### c) Other Accumulated Comprehensive Income that will not to be reclassified in profit or loss (continued)

##### Revaluation funds on land and buildings

The movement of remeasurement differences during the period is as follows:

	2020	2019
1 January during period	710,596	575,319
Currency translation differences	(47,407)	38,501
- Fund effect	(58,498)	47,149
- Tax effect	11,091	(8,648)
<b>31 March</b>	<b>663,189</b>	<b>613,820</b>

##### Fair value difference fund of investments properties

The movement of fair value difference fund of investments properties during the period is as follows:

	2020	2019
1 January	8,307	76,352
Revaluation during period	-	-
- Fund effect	-	-
- Deferred Tax effect	-	-
<b>31 March</b>	<b>8,307</b>	<b>76,352</b>

##### Gains/(Losses) on remeasurements of defined benefit plans

The amendment in TAS-19 “Employee Benefits” does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of profit or loss.

The gains and losses arising from the changes in the actuarial assumption have been accounted for by Gains/(Losses) on remeasurements of defined benefit plans under the equity.

The movement of the Gains/(Losses) on remeasurements of defined benefit plans difference are as follows:

	2020	2019
1 January	1,133	(1,610)
Accounted under equity	-	-
<b>31 March</b>	<b>1,133</b>	<b>(1,610)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 28. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

#### d) Other Accumulated Comprehensive Income that will be reclassified in profit or loss

	31 March 2020	31 December 2019
Exchange differences on translation	(296,492)	(203,447)
Hedging reserves	57,826	21,597
	<b>(238,666)</b>	<b>(181,850)</b>

#### Currency translation differences

It consists of the translation differences conversion of subsidiaries' and associate functional currencies to the reporting currency TRY which is recognized under equity.

#### Hedging

It consists of the effect of changes in the fair value of risks associated in relation to cash flow hedging instruments.

Movement for cash flow hedging for the period is as follows:

	2020	2019
1 January	21,597	-
Effective portion of cash flow hedge accounted under equity	46,447	-
Effect of deferred tax	(10,218)	-
<b>31 March</b>	<b>57,826</b>	<b>-</b>

#### Gain/ (losses) of revaluation and reclassification

The revaluation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

There is no movement of the Gain/(Losses) of revaluation and reclassification.

#### e) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

Legal reserves consist of first and second legal reserves calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Entities publicly traded make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

Legal Reserves "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TAS/TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with prior years' profits or losses.

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

**28. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)**

<b>Restricted reserves attributable to equity holders of the Parent</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Legal reserves	186,327	170,568
Statutory reserves	18,557	18,557
	<b>204,884</b>	<b>189,125</b>

**f) Prior Years' Profits or Losses**

The Group's extraordinary reserves presented in the retained earnings that amounting to TRY 1,970,747 thousand (31 December 2019: TRY 821,475 thousand) is TRY 1,057,569 thousand (31 December 2019: TRY 1,110,930 thousand).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their date of issue and acquisition.

Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below. Provision for taxes in the net profit for the period was calculated based on estimations since the amount had not been certain as of the report date.

	<b>31 March 2020</b>	<b>31 December 2019</b>
Net profit for the period	909,370	105,936
I. legal reserves	(45,468)	(5,297)
<b>Distributable profit for the period</b>	<b>863,902</b>	<b>100,639</b>
Extraordinary reserves	863,902	100,639

It has been decided in Ordinary General Assembly Meeting held on 26 March 2020 that a gross dividend amounting to TRY 100,000,000, equivalent of 13,33333% of paid-in capital will be distributed in cash, a gross dividend amounting to TRY 33,754,737 will be allocated to usufruct shareholders, and gross dividend amounting to TRY 8,438,684 will be distributed to Group B shareholders. The amount will be paid net to shareholders subject to withholding tax after deducting withholding tax on dividends and the cash dividend payment will be realized on 29 May 2020.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 29. REVENUE AND COST OF SALES

Sales	1 January – 31 March 2020	1 January – 31 March 2019
Revenue	1,141,622	790,680
Sales Discount	(22,784)	(14,705)
Sales Returns	(4,037)	(505)
Other Sales Discounts	(2,520)	(147)
	<b>1,112,281</b>	<b>775,323</b>
Cost of Sales	1 January – 31 March 2020	1 January – 31 March 2019
Direct Materials	(324,204)	(236,251)
Direct Labor	(55,624)	(40,400)
Manufacturing Overheads	(341,145)	(302,503)
Depreciation And Amortization	(113,269)	(88,619)
Change In Work-In-Progress	(225)	(1,047)
Change In Finished Goods	117,247	150,944
	<b>(717,220)</b>	<b>(517,876)</b>
Cost Of Trade Goods Sold	(218)	-
Other Cost	(192)	(103)
	<b>(717,630)</b>	<b>(517,979)</b>

### 30. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 March 2020	1 January - 31 March 2019
General administrative expenses	(68,718)	(58,331)
Marketing Expenses	(164,706)	(100,769)
Research and development expenses	(839)	(477)
	<b>(234,263)</b>	<b>(159,577)</b>

### 31. OPERATING EXPENSES BY NATURE

	1 January - 31 March 2020	1 January - 31 March 2019
Outsourced Services (*)	(153,468)	(84,137)
Salaries and wages	(36,569)	(29,157)
Tax Expenses	(5,165)	(4,448)
Depreciation and amortization	(11,490)	(8,919)
Indirect material costs	(2,726)	(1,802)
Miscellaneous expenses (**)	(24,845)	(31,114)
	<b>(234,263)</b>	<b>(159,577)</b>

(\*) It consists mainly of sales transportation expenses.

(\*\*) It consists mainly of comission, shipment loading, electricity, cleaning, property rental and construction equipment rental expenses.



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 32. OTHER OPERATING INCOME AND EXPENSES

Other Operating Income	1 January - 31 March 2020	1 January - 31 March 2019
Financial income related to operating activities	25,231	14,950
Prior period income and profits	6,196	-
Reversal of provision	2,422	319
Compensation Income	2,619	5,727
Gain on sales of scrap materials	1,590	5,306
Rent income	1,524	1,546
Gain on sales of raw materials and equipment	856	1,583
Service Income	572	450
Incapacity payments	160	125
Income from other operating activities	2,146	1,586
	<b>43,316</b>	<b>31,592</b>

Other Operating Expenses	1 January - 31 March 2020	1 January - 31 March 2019
Financial expense related to operating activities	(9,368)	(9,668)
Loss from prior period	(803)	(412)
Service expenses	(627)	(786)
Compensation expense due to verdict	(647)	(133)
Penalties	(332)	(135)
Commision expenses	(271)	(235)
Loss on sales of raw materials and equipment	(160)	(359)
Litigation provision expense	-	(1,498)
Other	(1,155)	(731)
	<b>(13,363)</b>	<b>(13,957)</b>

### 33. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income form investing activities	1 January - 31 March 2020	1 January - 31 March 2019
Financial investments measured at amortized cost	42,668	29,987
Gain on sales of tangible assets	-	890
	<b>42,668</b>	<b>30,877</b>

Expenses from investing activities	1 January - 31 March 2020	1 January - 31 March 2019
Loss on sales of tangible assets	(742)	(3,903)
	<b>(742)</b>	<b>(3,903)</b>

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**33. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)****Impairment gain (loss) and reversal of impairment loss determined in accordance with TFRS 9:**

	1 January- 31 March 2020	1 January- 31 March 2019
Provision income (expense)	1,428	1,776
	<b>1,428</b>	<b>1,776</b>

Interest has been collected from the securities that is fixed income financial assets measured at amortized cost during the period are as follows.

Marketable Securities Issuer	1 January- 31 March 2020	1 January- 31 March 2019
Türkiye Halk Bankası A.Ş.	1,585	1,426
Türkiye Garanti Bankası A.Ş.	938	816
Yapı ve Kredi Bankası A.Ş.	454	394
	<b>2,977</b>	<b>2,636</b>

Gain/(Losses) from valuation of financial assets measured at amortized cost as follows:

Marketable Securities Issuer	1 January- 31 March 2020	1 January- 31 March 2019
Türkiye İş Bankası A.Ş.	10,194	6,788
Türkiye Halk Bankası A.Ş.	5,975	5,010
Türkiye Sınai Kalkınma Bankası A.Ş.	5,001	3,392
Türkcell İletişim Hizmetleri A.Ş.	4,371	2,921
Türkiye Vakıflar Bankası T.A.O.	4,433	2,955
Arçelik A.Ş.	3,835	2,548
Türkiye Garanti Bankası A.Ş.	3,784	2,517
Yapı ve Kredi Bankası A.Ş.	2,004	1,828
Ziraat Bankası A.Ş.	1,283	853
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	1,391	912
Türk Eximbank	265	176
Finansbank A.Ş.	132	87
	<b>42,668</b>	<b>29,987</b>

Since the financial investments measured with their amortized cost are denominated in US Dollar, profit / (loss) is affected due to changes in US Dollar / TRY parity.

# ANADOLU CAM SANAYİİ A.Ş.

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### 34. FINANCIAL INCOME AND EXPENSES

<b>Financial Income</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Interest income	9,101	1,754
- <i>Time deposits</i>	5,431	1,707
- <i>Interest income from related parties</i>	1	47
- <i>Derivative instruments</i>	3,669	-
Gain on foreign exchange differences	116,192	31,703
- <i>Derivative instruments</i>	14,584	-
- <i>Cash and cash equivalents</i>	97,888	27,200
- <i>Bank borrowings</i>	840	798
- <i>Other payables and receivables</i>	2,880	3,705
	<b>125,293</b>	<b>33,457</b>
<b>Finance cost</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Interest expenses	(72,808)	(44,032)
- <i>Bank borrowings</i>	(45,466)	(28,646)
- <i>Bond issued</i>	(20,966)	(8,628)
- <i>Interest expenses from related parties</i>	(5,176)	(5,333)
- <i>Derivative instruments</i>	(306)	-
- <i>Factoring expenses</i>	-	(309)
- <i>Operational leases</i>	(894)	(1,116)
Loss on foreign exchange differences	(143,428)	(71,660)
- <i>Other receivables and payables</i>	(18,715)	(1,077)
- <i>Bank borrowings</i>	(9,036)	(5,277)
- <i>Bond issued</i>	(115,151)	(61,607)
- <i>Cash and cash equivalents</i>	(442)	(3,699)
- <i>Operational leases</i>	(84)	-
	<b>(216,236)</b>	<b>(115,692)</b>
<b>Financial income / expense (Net)</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Interest income / (expense)	(63,707)	(42,278)
- <i>Bank deposits and borrowings</i>	(40,035)	(26,939)
- <i>Interest income/(expense) from related parties</i>	(5,175)	(5,286)
- <i>Bond issued</i>	(20,966)	(8,628)
- <i>Derivative instruments</i>	3,363	-
- <i>Factoring expenses</i>	-	(309)
- <i>Operational leases</i>	(894)	(1,116)
Gain/(Loss) on foreign exchange differences	(27,236)	(39,957)
- <i>Cash and cash equivalents</i>	97,446	23,501
- <i>Bank borrowings</i>	(8,196)	(4,479)
- <i>Other receivables and payables</i>	(15,835)	2,628
- <i>Bond issued</i>	(115,151)	(61,607)
- <i>Derivative instruments</i>	14,584	-
- <i>Operational leases</i>	(84)	-
	<b>(90,943)</b>	<b>(82,235)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 35. ASSETS HELD FOR SALE

None. (2019: None.)

### 36. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

#### Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TAS/IFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for TAS/IFRS and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are shown without offsetting.

	31 March 2020	31 December 2019
Deferred tax assets	353,532	398,152
Deferred tax liabilities (-)	(4,079)	(4,496)
<b>Deferred tax assets (net)</b>	<b>349,453</b>	<b>393,656</b>

Temporary differences	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	842,717	870,819
Corporate tax allowances	(1,815,606)	(1,862,314)
Carry forward tax losses	(571,112)	(706,861)
Provision for employment termination benefits	(71,088)	(70,312)
Revaluation of inventory	(10,446)	(32,491)
Revaluation of derivatives	72,781	15,338
Other	(76,121)	(51,545)
	<b>(1,628,875)</b>	<b>(1,837,366)</b>

	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	(181,203)	(186,635)
Corporate tax allowances	399,433	409,709
Carry forward tax losses	114,222	141,372
Provision for employment termination benefits	14,218	14,062
Revaluation of inventory	2,388	7,079
Revaluation of derivatives	(16,012)	(3,374)
Other	16,407	11,443
<b>Deferred tax asset (Net)</b>	<b>349,453</b>	<b>393,656</b>

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 March 2020	31 December 2019
No expiry date	571,112	706,861
	<b>571,112</b>	<b>706,861</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 36. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Carry forward tax losses can be utilized against corporate income taxes for a period of 5 years in Turkey whereas indefinite in Russia and Ukraine. (As of 30 November 2016, carry forward tax losses can be utilized indefinite in Russia) However, current period losses cannot be used to offset previous year profits.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 578,698 thousand (31 December 2019: TRY 613,678 thousand).

Movements of deferred tax assets/ (liabilities) are as follows:

	2020	2019
1 January	393,656	252,251
Currency translation differences	(25,816)	22,324
Charged to the statement of profit or loss	(19,260)	43,110
Charged to equity	873	(8,648)
<b>31 March</b>	<b>349,453</b>	<b>309,037</b>

### Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D center incentive) are deducted.

In Turkey, corporate tax rate applied is 22% as of March 31, 2020 (31 December 2019: 22%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as follows:

Country	31 March 2020	31 December 2019
Russia	20.0	20.0
Ukraine	18.0	18.0
The Netherlands (*)	16.5 – 25.0	20.0 – 25.0
Georgia (**)	-	-

(\*) As of January 1, 2020, The Netherlands is subject to 16.5% tax on profits up to EUR 300 thousand and on 25% tax on excess.

(\*\*) As of January 1, 2018, corporate tax application has been abolished in Georgia and income tax is collected only in dividend distribution. Therefore, the deferred tax amount of our subsidiary in Georgia has been reset.

In Turkey, advance tax returns are filed on a quarterly basis, 22% of temporary tax rate is applied during the taxation of corporate income in 2020 (31 December 2019: 22%).

In accordance with the regulation numbered 7061, published in Official Gazette on November 28, 2017. “Law Regarding Amendments on Certain Tax Laws and Other Laws” and tax rate of 20% that stated in the first paragraph of Article 32 of the Law on Corporations Tax No 5520 has been added temporarily as 22% for corporate income related to 2018, 2019 and 2020 taxation periods. Also with the same regulation and stated in 5520 numbered Law No. 5. 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira (“TRY”) unless otherwise indicated.)

### 36. TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Therefore timing differences in the companies in the deferred tax calculation Turkey up to 2020 transactions in 22%, the effect of short and longer term to published procedures taking into account the effect when size is 21%, and recognized deferred tax assets and liabilities according to 20%.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1- 25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1- 25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

An advance taxation of 19.8% has to be made on the investment allowance amount benefited basing on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies’ production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

The current year tax asset is TRY 4,369 thousand (31 December 2019 is TRY 7,009 thousand).

	31 March 2020	31 December 2019
Corporate tax provision	7,174	21,480
Prepaid taxes and funds (-)	(11,543)	(28,489)
<b>Prepaid tax liability/ (asset)</b>	<b>(4,369)</b>	<b>(7,009)</b>
	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
Corporate tax provision	(7,174)	(4,253)
Currency translation differences	(756)	184
Deferred tax income	(19,260)	43,110
<b>Tax provision in the statement of profit or loss</b>	<b>(27,190)</b>	<b>39,041</b>
	<b>1 January - 31 March 2020</b>	<b>1 January - 31 March 2019</b>
<b>Reconciliation of provision for tax</b>		
Profit before taxation and non-controlling interest	143,192	62,581
Effective tax rate	22%	22%
<b>Calculated Tax</b>	<b>(31,502)</b>	<b>(13,768)</b>
Corporate tax allowances	247	50,526
Dividends and other non-taxable income	27	1,344
Provision for carry forward tax losses that are not subject to deferred tax calculation	(3,060)	17,218
Dissallowable expenses	(292)	(895)
Derivative instruments	(12,637)	-
Currency transition differences	(5,676)	(13,675)
Others	25,703	(1,709)
<b>Tax provision in the statement of profit or loss</b>	<b>(27,190)</b>	<b>39,041</b>

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020**

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**37. EARNINGS PER SHARE**

	1 January - 31 March 2020	1 January - 31 March 2019
Average number of shares existing during the period (1/1000 value)	75,000,000	75,000,000
Net profit for the period attributable to equity holders of the parent	116,002	101,622
<b>Earnings per share</b>	<b>0.1547</b>	<b>0.1355</b>
Total comprehensive income attributable to equity holders of the parent	11,779	156,490
<b>Earnings per share obtained from total comprehensive income</b>	<b>0.0157</b>	<b>0.2087</b>

**38. RELATED PARTY DISCLOSURES**

Türkiye Şişe ve Cam Fabrikaları A.Ş. is the main shareholder of the Group and retains the control of the Group. All significant transactions and balances between the Group and its subsidiaries are eliminated in consolidation and not disclosed in this Note.

As of 31 March 2020, the full list of the relationship level of all companies which are specified as related parties are grouped in alphabetical order as follows:

<b>The Shareholder of Parent</b>	<b>Country</b>
Türkiye Şişe ve Cam Fabrikaları	Turkey
<b>Subsidiaries, Joint Ventures and Associates of Parent Company</b>	<b>Country</b>
Automotive Glass Alliance Rus AO	Russia
Camis Egypt Mining Ltd. Co.	Egypt
Camış Ambalaj Sanayii A.Ş.	Turkey
Camis Limited	Turkey
Camış Madencilik A.Ş.	Turkey
Camış Elektrik Üretim A.Ş.	Turkey
Çayırova Cam Sanayii A.Ş.	Turkey
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Merkezleri Yönetim ve İşletim A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İşbank AG	Germany
OOO Posuda	Russia
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Turkey
Paşabahçe Mağazaları A.Ş.	Turkey
Pasabahçe Bulgaria EAD	Bulgaria
SC Glass Trading B.V.	The Netherlands
Soda Sanayii A.Ş.	Turkey
Sisecam Bulgaria EOOD	Bulgaria
Şişecam Çevre Sistemleri A.Ş.	Turkey
Şişecam Dış Ticaret A.Ş.	Turkey
Şişecam Elyaf Sanayii A.Ş.	Turkey
Şişecam Enerji A.Ş.	Turkey
Şişecam Otomotiv A.Ş.	Turkey
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Turkey
Türkiye İş Bankası A.Ş.	Turkey
Trakya Cam Sanayii A.Ş.	Turkey
Trakya Glass Bulgaria EAD	Bulgaria
Trakya Glass Rus AO	Russia
Trakya Polatlı Cam Sanayii A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 38. RELATED PARTY DISCLOSURES (Continued)

Title of Associate	Country
Camiş Elektrik Üretim A.Ş.	Turkey
Title of Parent of Associate	Country
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey
Trakya Cam Sanayii A.Ş.	Turkey

The details of transactions between the Group and other related parties are explained below.

Deposits from related parties:	31 March 2020	31 December 2019
T. İş Bankası A.Ş.		
- Time deposits	1,022,032	930,796
- Demand deposits	22,975	7,002
	<b>1,045,007</b>	<b>937,798</b>
İşbank AG		
- Time deposits	-	-
- Demand deposits	1,598	50
	<b>1,598</b>	<b>50</b>
Bank borrowings from related parties.	31 March 2020	31 December 2019
Türkiye İş Bankası A.Ş.	660,000	675,000
Financial liabilities:	31 March 2020	31 December 2019
Bonds issued through Şişecam Holding (*)	1,302,289	1,196,464

(\*) In May 9, 2013, T. Şişe ve Cam Fabrikaları A.Ş. issued fixed interest bonds with a nominal value of US Dollars 500,000 thousand and maturity dated May 2020 representing a 7 years term. Interest rate of the bond was determined as 4.25%. The capital payment of the bond will be made at the maturity date. US Dollars 100,000 thousand provided from this bond issue was transferred to Group with the same condition and the Group is guarantor for the portion transferred to itself regarding the principle, interest and other payments. On March 29, 2019, the nominal value of US Dollars 40,016 thousand was paid off before maturity. The remaining nominal amount of 59,984 thousand US Dollars will expire on May 9, 2020.

On 27 April 2018 with the decision 19/546 approved by CMB, the Company get the right of issue of bond to foreign qualified investor in one year amounting to US Dollars 750,000 thousand ceiling. In this ceiling total US Dollars 700,000 thousand was issued whereas nominal value amounting to US dollars 550,000 thousand on March 14, 2019 and nominal value amounting to US Dollars 150,000 thousand on March 28, 2019. The maturity date as same as March 14, 2026 and coupon interest rate is 6.95%

The amount of US Dollars 140,000 thousand, which was provided after the issuance of these bonds, was transferred to the Group on the same terms and the guarantee was paid for the principal, interest and similar payments to the Group.



# ANADOLU CAM SANAYİİ A.Ş.

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### 38. RELATED PARTY DISCLOSURES (Continued)

#### Provision for impairment of deposits held at related parties

	31 March 2020	31 December 2019
Türkiye İş Bankası A.Ş.	1,529	1,209

#### Gross book value of financial investments measured at amortized cost

	31 March 2020	31 December 2019
T. İş Bankası A.Ş.	101,397	91,203
Türkiye Sınai Kalkınma Bankası A.Ş.	50,019	45,019
	<b>151,416</b>	<b>136,222</b>

#### Impairment of financial investments measured at amortized cost

	31 March 2020	31 December 2019
Türkiye İş Bankası A.Ş.	1,601	1,662
Türkiye Sınai Kalkınma Bankası A.Ş.	438	506
	<b>2,039</b>	<b>2,168</b>

Coupon interest rates and nominal amounts of financial investments measured at amortized cost are as follows:

Security issuer	ISIN code	Coupon interest rate (%)	31 March 2020	31 December 2019
			Nominal amount (US Dollar)	Nominal amount (US Dollar)
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	6,393	6,393
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	5,080	5,080
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	3,600	3,600
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	220	220
			<b>15,293</b>	<b>15,293</b>
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	5,759	5,759
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	1,800	1,800
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	160	160
			<b>7,719</b>	<b>7,719</b>
			<b>23,012</b>	<b>23,012</b>

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**38. RELATED PARTY DISCLOSURES (Continued)**

<b>Trade receivables</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Paşabahçe Cam Sanayii ve Tic. A.Ş.	649	581
SC Glass Trading B.V.	457	421
Şişecam Dış Ticaret A.Ş.	261	68
Trakya Cam Sanayii A.Ş.	259	423
Şişecam Çevre Sistemleri A.Ş.	86	342
Türkiye Şişe ve Cam Fabrikaları A.Ş.	86	338
Soda Sanayii A.Ş.	72	67
Paşabahçe Mağazaları A.Ş.	61	57
OOO Posuda	17	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	6	-
Others	7	-
Camiş Madencilik A.Ş.	-	30
Şişecam Otomotiv A.Ş.	-	27
	<b>1,961</b>	<b>2,354</b>

<b>Other receivables</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Şişecam Dış Ticaret A.Ş.	2,458	-
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	87,170
Camiş Madencilik A.Ş.	-	352
	<b>2,458</b>	<b>87,522</b>

<b>Trade payables</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	33,908	95,191
Şişecam Dış Ticaret A.Ş.	42,500	23,300
Şişecam Enerji A.Ş.	28,183	15,931
Şişecam Çevre Sistemleri A.Ş.	25,035	14,002
Soda Sanayii A.Ş.	19,651	17,770
Camiş Madencilik A.Ş.	2,472	2,377
Trakya Cam Sanayii A.Ş.	133	-
OOO Posuda	133	169
İş Merkezleri Yönetim ve İşletim A.Ş.	99	103
Camiş Ambalaj Sanayii A.Ş.	93	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	36	29
İş Factoring Finansman Hizmetleri A.Ş.	45	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	8	16
Camis Egypt Mining Ltd. Co.	-	1,161
Pasabahce Bulgaria EAD	-	12
Çayırova Cam Sanayii A.Ş.	-	8
	<b>152,296</b>	<b>170,069</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 38. RELATED PARTY DISCLOSURES (Continued)

Other payables	31 March 2020	31 December 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	134,877	-
Trakya Cam Sanayii A.Ş.	548	547
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	22	11
Şişecam Dış Ticaret A.Ş.	-	21,160
Other (*)	41,263	4,929
	<b>176,710</b>	<b>26,647</b>

(\*) 2019 Annual Shareholders' General Assembly Meeting held at 26 March 2020, represent the portion of the cash profit distribution amounts determined outside the Group and the amount of accumulated dividend that the Company's founding partners have not requested yet.

Sales to Related Parties	1 January - 31 March 2020	1 January - 31 March 2019
Paşabahçe Cam Sanayii ve Tic. A.Ş.	508	1,060
Paşabahçe Mağazaları A.Ş.	-	212
	<b>508</b>	<b>1,272</b>

Purchases from related parties	1 January - 31 March 2020	1 January - 31 March 2019
Şişecam Enerji A.Ş.	72,323	19,566
Camiş Madencilik A.Ş.	29,150	23,296
Soda Sanayii A.Ş.	24,907	12,503
Şişecam Çevre Sistemleri A.Ş.	25,733	9,042
Camis Egypt Mining Ltd. Co.	6,966	5,816
OOO Posuda	40	19
Paşabahçe Cam Sanayii ve Tic. A.Ş.	32	22
Trakya Cam Sanayii A.Ş.	6	-
Automotive Glass Alliance Rus AO	-	145
	<b>159,157</b>	<b>70,409</b>

Interest income from related parties	1 January - 31 March 2020	1 January - 31 March 2019
Türkiye İş Bankası A.Ş. ve İşbank AG	5,227	465
Şişecam Çevre Sistemleri A.Ş.	-	2
Camiş Elektrik Üretim A.Ş.	-	10
Paşabahçe Cam Sanayii ve Tic. A.Ş.	-	35
	<b>5,227</b>	<b>512</b>

Interest expenses to related parties	1 January - 31 March 2020	1 January - 31 March 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	4,226	4,523
Çayırova Cam Sanayii A.Ş.	949	1
Türkiye İş Bankası A.Ş.	-	452
Şişecam Dış Ticaret A.Ş.	-	808
Paşabahçe Cam Sanayii ve Tic. A.Ş.	-	1
	<b>5,175</b>	<b>5,785</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

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### 38. RELATED PARTY DISCLOSURES (Continued)

Dividend income from related parties	1 January - 31 March 2020	1 January - 31 March 2019
Camiş Elektrik Üretim A.Ş.	-	5,216
	-	5,216

Other income from related parties	1 January - 31 March 2020	1 January - 31 March 2019
Paşabahçe Cam Sanayii ve Tic. A.Ş.	730	698
Trakya Cam Sanayii A.Ş.	400	364
Türkiye Şişe ve Cam Fabrikaları A.Ş.	202	329
Şişecam Çevre Sistemleri A.Ş.	171	231
Paşabahçe Mağazaları A.Ş.	155	144
Şişecam Otomotiv A.Ş.	49	69
Şişecam Dış Ticaret A.Ş.	30	27
OOO Posuda	18	23
	1,755	1,885

Other expenses to relates parties	1 January - 31 March 2020	1 January - 31 March 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	36,931	25,489
Şişecam Dış Ticaret A.Ş.	969	593
İş Merkezleri Yönetim ve İşletim A.Ş. (*)	254	239
İş Portföy Yönetimi A.Ş.	45	39
Çayırova Cam Sanayii A.Ş.	21	19
Paşabahçe Cam Sanayii ve Tic. A.Ş.	15	9
Paşabahçe Mağazaları A.Ş.	2	3
OOO Posuda	4	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	466
Şişecam Çevre Sistemleri A.Ş.	-	48
	38,241	26,905

(\*) It consists of management and operation expenses of Şişecam Headquarter.

Key management compensation benefits	1 January - 31 March 2020	1 January - 31 March 2019
Parent	1,539	1,248
Consolidated entities	2,727	2,649
	4,266	3,897

Key management personnel is composed of top management, members of board of directors, general manager and vice general manager and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits for the period 1 January - 31 March 2020 and 1 January - 31 March 2019.

# ANADOLU CAM SANAYİİ A.Ş.

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### 39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 28.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents and financial investments.

As of 31 March 2020 and 31 December 2019 the Group's net debt / total equity ratios are as follows:

	31 Marh 2020	31 December 2019
Financial liabilities and trade payables	4,170,751	4,225,463
Less: Cash and cash equivalents	(1,118,521)	(989,866)
Less: Financial investments	(416,311)	(393,743)
<b>Net debt</b>	<b>2,635,919</b>	<b>2,841,854</b>
<b>Total equity</b>	<b>2,695,597</b>	<b>2,826,011</b>
<b>Net debt / total equity ratio</b>	<b>0.98</b>	<b>1.01</b>

The Group's general strategy is in line with prior periods.

#### b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies via Accounting Department. The Group's cash inflows and outflows are monitored by the reports prepared on a daily, weekly and monthly basis and compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors sets out written principles for overall risk management as well as written policies covering specific areas such as; foreign exchange risk, interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

##### b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net in the financial statements after the provision for doubtful receivables is made (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated periodical.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit Risk Management (Continued)

Maximum credit risk exposed as of statement of financial position date	Receivables				Cash and cash equivalents	Derivative instruments	Financial investment Measured at amortized cost
	Trade receivables		Other receivables				
	Related parties	Unrelated parties	Related parties	Unrelated parties			
<b>Maximum credit risk exposed as of 31 March 2020 (*) (A+B+C+D+E)</b>	<b>1,961</b>	<b>1,082,761</b>	<b>2,458</b>	<b>31,348</b>	<b>1,118,515</b>	<b>72,781</b>	<b>416,311</b>
- The part of maximum risk under guarantee with collaterals, etc	-	(536,222)	-	-	-	-	-
<b>A.</b> Net value of financials assets that are neither past due nor impaired	1,961	980,835	2,458	31,348	1,118,515	72,781	416,311
- The part under guarantee with collaterals, etc.	-	(488,354)	-	-	-	-	-
<b>B.</b> Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
<b>C.</b> Carrying value of financial assets that are past due but not impaired	-	101,926	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(47,868)	-	-	-	-	-
<b>D.</b> Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	8,654	-	8,455	-	-	-
- Impairments	-	(8,654)	-	(8,455)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	1,565	-	5,898
- Impairment (-)	-	-	-	-	(1,565)	-	(5,898)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
<b>E.</b> Off-balance sheet items with credit risk.	-	-	-	-	-	-	-

(\*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

##### b.1) Credit Risk Management (Continued)

Maximum credit risk exposed as of statement of financial position date	Receivables				Cash and cash equivalents	Derivative instruments	Financial investment Measured at amortized cost
	Trade receivables		Other receivables				
	Related parties	Unrelated parties	Related parties	Unrelated parties			
<b>Maximum credit risk exposed as of 31 December 2019 (*) (A+B+C+D+E))</b>	<b>2,354</b>	<b>1,042,806</b>	<b>87,522</b>	<b>12,553</b>	<b>989,865</b>	<b>15,338</b>	<b>393,743</b>
- The part of maximum risk under guarantee with collaterals, etc.	-	(573,089)	-	-	-	-	-
<b>A.</b> Net value of financials assets that are neither past due nor impaired	2,354	973,669	87,522	12,553	989,865	15,338	393,743
- The part under guarantee with collaterals, etc.	-	(516,295)	-	-	-	-	-
<b>B.</b> Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
<b>C.</b> Carrying value of financial assets that are past due but not impaired	-	69,137	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(56,794)	-	-	-	-	-
<b>D.</b> Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	11,219	-	10,028	-	-	-
- Impairments	-	(11,219)	-	(10,028)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	1,226	-	6,758
- Impairment (-)	-	-	-	-	(1,226)	-	(6,758)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
<b>E.</b> Off-balance sheet items with credit risk.	-	-	-	-	-	-	-

(\*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****b) Financial Risk Factors (Continued)****b.1) Credit Risk Management (Continued)**

Guarantees received from the customers are as follows:

	31 March 2020	31 December 2019
Domestic and foreign credit insurance	414,432	449,588
Letters of guarantee, promissory notes and bills	86,339	88,191
Direct debiting system (DDS)	27,801	27,660
Mortgages	7,650	7,650
	<b>536,222</b>	<b>573,089</b>

Collaterals for the trade receivables that are past due but not impaired are as stated below:

	31 March 2020	31 December 2019
<b>Aralık 2019</b>		
1-30 days overdue	66,495	58,680
1-3 months overdue	31,738	8,448
3-6 months overdue	2,373	593
6-12 months overdue	147	91
1-5 years overdue	1,173	1,325
<b>Total overdue receivables</b>	<b>101,926</b>	<b>69,137</b>
<b>The part secured with guarantee (-)</b>	<b>47,868</b>	<b>56,794</b>

**b.2) Liquidity Risk Management**

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves via matching the maturities of financial assets and liabilities by following cash flow regularly.

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves in addition to having the ability to utilize adequate level of credit lines and funds as well as closing market positions.

Funding risk attributable to the current and future potential borrowing needs is managed by providing continuous access to an adequate number of high quality creditors.



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### 39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

##### b.2) Liquidity Risk Management (Continued)

##### Liquidity risk tables (Continued)

The following table details the maturities for the financial liabilities of the Group. The tables show the undiscounted contractual cash outflows of the financial liability. The amount of interest payable to be paid of financial liabilities are included in the table.

Non-derivative Financial liabilities	Carrying Value	Total cash accordance with contracts (I+II+III+IV)	31 March 2020			
			Outflows in less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 Years (IV)
Bank borrowings	2,284,500	2,366,885	115,348	375,570	1,862,576	13,391
Bonds issued	1,302,289	1,724,530	399,161	31,700	296,380	997,289
Operational lease liabilities	20,914	36,713	3,913	7,481	12,321	12,998
Trade payables	410,754	412,362	339,658	69,547	3,157	-
Due to related parties	329,006	716,487	677,115	39,372	-	-
Other financial liabilities	21,045	21,032	8,453	12,579	-	-
	<b>4,368,508</b>	<b>5,278,009</b>	<b>1,543,648</b>	<b>536,249</b>	<b>2,174,434</b>	<b>1,023,678</b>

Derivative Financial liabilities						
Cash inflows	72,781	72,781	-	188	-	72,593
Cash outflows	-	-	-	-	-	-
	<b>72,781</b>	<b>72,781</b>	<b>-</b>	<b>188</b>	<b>-</b>	<b>72,593</b>

Non-derivative Financial liabilities	Carrying Value	Total cash accordance with contracts (I+II+III+IV)	31 December 2019			
			Outflows in less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 Years (IV)
Bank borrowings	2,432,917	2,544,009	476,014	96,022	1,959,630	12,343
Bonds issued	1,196,464	1,555,246	7,572	421,687	275,902	850,085
Operational lease liabilities	21,002	36,246	3,784	8,662	11,228	12,572
Trade payables	405,012	406,671	348,019	58,607	45	-
Due to related parties	196,716	201,645	172,496	29,149	-	-
Other financial liabilities	22,394	22,392	7,248	15,144	-	-
	<b>4,274,505</b>	<b>4,766,209</b>	<b>1,015,133</b>	<b>629,271</b>	<b>2,246,805</b>	<b>875,000</b>

Derivative Financial liabilities						
Cash inflows	15,338	15,338	494	-	-	14,844
Cash outflows	-	-	-	-	-	-
	<b>15,338</b>	<b>15,338</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>14,844</b>

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**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****b) Financial Risk Factors (Continued)****b.3) Market Risk Management**

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

**b.3.1) Foreign currency risk management**

The transactions denominated in foreign currencies are subject to foreign currency risk. The Group considers the currencies not included in the functional currencies of the countries. in which its subsidiaries and associates operate, as foreign currency.

The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

		Foreign Currency Position as of 31 March 2020			
		TRY Equivalent	US Dollar	EUR	Other
1.	Trade receivables	350,333	7,052	39,287	20,923
2a.	Monetary financial assets (cash and cash equivalents included)	1,707,371	236,979	20,798	13,159
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	21,702	124	2,892	26
<b>4.</b>	<b>Current Assets (1+2+3)</b>	<b>2,079,406</b>	<b>244,155</b>	<b>62,977</b>	<b>34,108</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Others	12,877	151	1,346	2,184
<b>8.</b>	<b>Non-current Assets (5+6+7)</b>	<b>12,877</b>	<b>151</b>	<b>1,346</b>	<b>2,184</b>
<b>9.</b>	<b>Total Assets (4+8)</b>	<b>2,092,283</b>	<b>244,306</b>	<b>64,323</b>	<b>36,292</b>
10.	Trade payables	91,417	1,004	11,690	531
11.	Financial liabilities	425,963	62,854	2,274	-
12a.	Other monetary liabilities	201,328	30,272	518	333
12b.	Other non-monetary liabilities	-	-	-	-
<b>13.</b>	<b>Current Liabilities (10+11+12)</b>	<b>718,708</b>	<b>94,130</b>	<b>14,482</b>	<b>864</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	974,971	142,615	6,333	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current Liabilities (14+15+16)</b>	<b>974,971</b>	<b>142,615</b>	<b>6,333</b>	<b>-</b>
<b>18.</b>	<b>Total Liabilities (13+17)</b>	<b>1,693,679</b>	<b>236,745</b>	<b>20,815</b>	<b>864</b>
19.	Net asset position of off balance sheet / derivative instruments(19a - 19b)	72,781	139,763	(116,135)	-
19a.	Total amount of assets hedged	910,692	139,763	-	-
19b.	Total amount of liabilities hedged	837,911	-	116,135	-
<b>20.</b>	<b>Net foreign assets / (liability) position (9-18+19)</b>	<b>471,385</b>	<b>147,324</b>	<b>(72,627)</b>	<b>35,428</b>
<b>21.</b>	<b>Net foreign asset / (liability) position of monetary items (=1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>364,025</b>	<b>7,286</b>	<b>39,270</b>	<b>33,218</b>
22.	Fair value of financial instruments used in foreign currency hedge	72,781	-	10,087	-
23.	Export	294,826	9,458	32,503	18,771
24.	Import	104,701	828	14,709	805

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**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****b) Financial Risk Factors (Continued)****b.3) Market Risk Management (Continued)****b.3.1) Foreign Currency Risk Management (Continued)**

		Foreign Currency Position as of 31 December 2019			
		TRY Equivalent	US Dollar	EUR	Other
1.	Trade receivables	228,859	5,198	27,653	14,073
2a.	Monetary financial assets (cash and cash equivalents included)	1,271,159	200,233	10,128	14,373
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	20,924	119	3,037	17
<b>4.</b>	<b>Current Assets (1+2+3)</b>	<b>1,520,942</b>	<b>205,550</b>	<b>40,818</b>	<b>28,463</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Others	44,143	38	6,603	-
<b>8.</b>	<b>Non-current Assets (5+6+7)</b>	<b>44,143</b>	<b>38</b>	<b>6,603</b>	<b>-</b>
<b>9.</b>	<b>Total Assets (4+8)</b>	<b>1,565,085</b>	<b>205,588</b>	<b>47,421</b>	<b>28,463</b>
10.	Trade payables	77,963	1,147	10,481	1,449
11.	Financial liabilities	398,475	64,593	2,222	-
12a.	Other monetary liabilities	7,307	1,073	141	-
12b.	Other non-monetary liabilities	-	-	-	-
<b>13.</b>	<b>Current Liabilities (10+11+12)</b>	<b>483,745</b>	<b>66,813</b>	<b>12,844</b>	<b>1,449</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	889,279	142,615	6,333	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current Liabilities (14+15+16)</b>	<b>889,279</b>	<b>142,615</b>	<b>6,333</b>	<b>-</b>
<b>18.</b>	<b>Total Liabilities (13+17)</b>	<b>1,373,024</b>	<b>209,428</b>	<b>19,177</b>	<b>1,449</b>
19.	Net asset position of off balance sheet / derivative instruments(19a - 19b)	15,338	133,924	(117,313)	-
19a.	Total amount of assets hedged	795,537	133,924	-	-
19b.	Total amount of liabilities hedged	780,199	-	117,313	-
<b>20.</b>	<b>Net foreign assets / (liability) position (9-18+19)</b>	<b>207,399</b>	<b>130,084</b>	<b>(89,069)</b>	<b>27,014</b>
<b>21.</b>	<b>Net foreign asset / (liability) position of monetary items (=1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>126,994</b>	<b>(3,997)</b>	<b>18,604</b>	<b>26,997</b>
22.	Fair value of financial instruments used in foreign currency hedge	15,338	-	2,306	-
23.	Export	860,389	35,721	96,708	43,901
24.	Import	576,278	6,082	80,805	28,830

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**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****b) Financial Risk Factors (Continued)****b.3) Market Risk Management (Continued)****b.3.1) Foreign Currency Risk Management (Continued)**

The Group is mainly exposed to US Dollar and Euro denominated interest rate risk. The exposure to other currencies does not have material impact.

The following table shows the sensitivity of the Group to a 10% increase and decrease in US Dollar/TRY and EUR/TRY parities. The 10% benchmark is also used by the Group in its internal top level management reportings. The sensitivity analysis is only applied to foreign exchange denominated monetary items at period ends by using 10% change in foreign currencies. This analysis is made by considering the functional currencies of the Group companies and foreign currencies are determined for the currencies that are different than the functional currencies. Positive sign is used for the increase in profit before tax and equity lines.

*Foreign currency sensitivity*

	31 March 2020			
	Profit / (Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1- USD net assets / liabilities	4,747	(4,747)	-	-
2- USD hedged from risks (-)	91,069	(91,069)	-	-
<b>3- USD net effect (1+2)</b>	<b>95,816</b>	<b>(95,816)</b>	<b>-</b>	<b>-</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	28,334	(28,334)	199,067	(199,067)
5- EUR hedged from risks (-)	(83,791)	83,791	-	-
<b>6- EUR net effect (4+5)</b>	<b>(55,457)</b>	<b>55,457</b>	<b>199,067</b>	<b>(199,067)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	3,322	(3,322)	67,316	(67,316)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>3,322</b>	<b>(3,322)</b>	<b>67,316</b>	<b>(67,316)</b>
<b>Total (3+6+9)</b>	<b>43,681</b>	<b>(43,681)</b>	<b>266,383</b>	<b>(266,383)</b>

	31 December 2019			
	Profit / (Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
A Change of USD against TRY by 10%				
1- USD net assets / liabilities	4,747	(4,747)	-	-
2- USD hedged from risks (-)	91,069	(91,069)	-	-
<b>3- USD net effect (1+2)</b>	<b>95,816</b>	<b>(95,816)</b>	<b>-</b>	<b>-</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	28,334	(28,334)	199,067	(199,067)
5- EUR hedged from risks (-)	(83,791)	83,791	-	-
<b>6- EUR net effect (4+5)</b>	<b>(55,457)</b>	<b>55,457</b>	<b>199,067</b>	<b>(199,067)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	3,322	(3,322)	67,316	(67,316)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>3,322</b>	<b>(3,322)</b>	<b>67,316</b>	<b>(67,316)</b>
<b>Total (3+6+9)</b>	<b>43,681</b>	<b>(43,681)</b>	<b>266,383</b>	<b>(266,383)</b>

(\*) Represents the increase or decrease in the total amount of shareholders' equity in the case of the foreign currency exchange rates of the subsidiaries and associate operating outside Turkey are changed by 10%.

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**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****b) Financial Risk Factors (Continued)****b.3.2) Interest Rate Risk Management**

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current statement of financial position composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased/decreased by 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the year before taxation and non-controlling interest would decrease / increase by TRY (680) thousand as of 31 March 2020 (31 December 2019: TRY (2,372) thousand).

Interest rate sensitivity

The Group's financial instruments that are sensitive to interest rates are as follows:

	<b>31 March 2020</b>			
	<b>Floating interest</b>	<b>Fixed interest</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial Assets</b>	<b>-</b>	<b>2,569,758</b>	<b>83,602</b>	<b>2,653,360</b>
Cash and cash equivalents	-	1,034,919	83,602	1,118,521
Financial investments	-	416,311	-	416,311
Trade receivables	-	1,082,761	-	1,082,761
Due from related parties	-	4,419	-	4,419
Other receivables	-	31,348	-	31,348
<b>Financial Liabilities</b>	<b>1,115,324</b>	<b>3,253,184</b>	<b>-</b>	<b>4,368,508</b>
Bank borrowings	1,115,324	1,169,176	-	2,284,500
Bond issued	-	1,302,289	-	1,302,289
Operational lease liabilities	-	20,914	-	20,914
Trade payables	-	410,754	-	410,754
Due to related parties	-	329,006	-	329,006
Other payables	-	21,045	-	21,045
	<b>31 December 2019</b>			
	<b>Floating interest</b>	<b>Fixed interest</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial Assets</b>	<b>-</b>	<b>2,475,590</b>	<b>53,254</b>	<b>2,528,844</b>
Cash and cash equivalents	-	936,612	53,254	989,866
Financial investments	-	393,743	-	393,743
Trade receivables	-	1,042,806	-	1,042,806
Due from related parties	-	89,876	-	89,876
Other receivables	-	12,553	-	12,553
<b>Financial Liabilities</b>	<b>953,911</b>	<b>3,320,594</b>	<b>-</b>	<b>4,274,505</b>
Bank borrowings	953,911	1,479,006	-	2,432,917
Bond issued	-	1,196,464	-	1,196,464
Operational lease liabilities	-	21,002	-	21,002
Trade payables	-	405,012	-	405,012
Due to related parties	-	196,716	-	196,716
Other payables	-	22,394	-	22,394

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### 39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### b) Financial Risk Factors (Continued)

##### b.3.3) Other Price Risks

##### Equity Price Sensitivity

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date.

If the equity share prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 March 2020 to the extent that equity share investments are not classified as financial assets at fair value through other comprehensive income or disposed of or impaired.

Group's sensitivity to equity share price has not changed materially when compared to the prior year.

### 40. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

#### Categories of Financial Instruments

31 March 2020	Assets and liabilities measured at amortized cost	Financial assets and liabilities at fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	<b>2,622,012</b>	<b>72,781</b>	<b>-</b>	<b>2,694,793</b>	
Cash and cash equivalents	1,118,521	-	-	1,118,521	6
Trade receivables	1,082,761	-	-	1,082,761	10
Due from related parties	4,419	-	-	4,419	38
Derivative financial assets	-	72,781	-	72,781	12
Financial investments	416,311	-	-	416,311	7
<b>Financial liabilities</b>	<b>4,364,888</b>	<b>-</b>	<b>-</b>	<b>4,364,888</b>	
Financial liabilities	3,607,701	-	-	3,607,701	8
Trade payables	410,754	-	-	410,754	10
Due to related parties	329,006	-	-	329,006	38
Operational lease liabilities	17,427	-	-	17,427	19

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(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 40. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Continued)

31 December 2019	Assets and liabilities measured at amortized cost	Financial assets and liabilities at fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	<b>2,516,291</b>	<b>15,338</b>	<b>-</b>	<b>2,531,629</b>	
Cash and cash equivalents	989,866	-	-	989,866	6
Trade receivables	1,042,806	-	-	1,042,806	10
Due from related parties	89,876	-	-	89,876	38
Derivative financial instruments	-	15,338	-	15,338	12
Financial investments	393,743	-	-	393,743	7
<b>Financial liabilities</b>	<b>4,269,841</b>	<b>-</b>	<b>-</b>	<b>4,269,841</b>	
Financial liabilities	3,650,382	-	-	3,650,382	8
Trade payables	405,012	-	-	405,012	10
Due to related parties	196,716	-	-	196,716	38
Derivative financial liabilities	17,731	-	-	17,731	19

### Financial Assets / Liabilities Carried at Fair Value

Financial assets	31 March 2020			
	Total	Category 1	Category 2	Category 3
Derivative financial instruments	72,781	-	72,781	-
<b>Total</b>	<b>72,781</b>	<b>-</b>	<b>72,781</b>	<b>-</b>

Financial liabilities	31 March 2020			
	Total	Category 1	Category 2	Category 3
Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Financial assets	31 December 2019			
	Total	Category 1	Category 2	Category 3
Derivative financial instruments	15,338	-	15,338	-
<b>Total</b>	<b>15,338</b>	<b>-</b>	<b>15,338</b>	<b>-</b>

Financial liabilities	31 December 2019			
	Total	Category 1	Category 2	Category 3
Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2020

(Tabular data are expressed in thousand Turkish Lira ("TRY") unless otherwise indicated.)

### 40. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (Continued)

The classification of the Group's financial assets and liabilities at fair value is as follows:

- **Category 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Category 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- **Category 3:** Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

### 41. SUBSEQUENT EVENTS

- The Ordinary General Assembly meeting decisions of the Company held on March 26, 2020 were registered by the Istanbul Registry of Commerce on April 9, 2020 and published in the Trade Registry Gazette numbered 10057, dated April 13, 2020.
- Between the dates 15 April 2020 and 22 April 2020, our main shareholder T. Şişe ve Cam Fabrikaları A.Ş., has increased Anadolu Cam Sanayii A.Ş. shareholder rate from 77.80% to 78.28%, by purchasing Anadolu Cam Sanayii A.Ş. shares, via Borsa İstanbul A.Ş. stock Exchange market.
- The Company's Board of Directors within the framework of the decision No. 27 of April 27, 2020, company's all assets and liabilities as a whole of has decided to take over by the T. Şişe ve Cam Fabrikaları A.Ş. In this context, PWC Yönetim Danışmanlık A.Ş., has prepared an expert institution report in accordance with Articles 145 and 147 of the Turkish Commercial Code. "Merger Report and Merger Agreement" was signed based on the determinations stipulated in the expert institution report. Application was made to CMB on April 27, 2020. The rate of change calculated by the expert organization is 0.88239 and the right to leave is TRY 4.46 .
- Covid-19 (Corona) virus outbreak that occurs in China and spreads to various parts of the world, causing potentially fatal respiratory infections; It affects regional and global economic conditions negatively, especially in countries exposed to infectious diseases. The ultimate magnitude of the corona virus outbreak remains uncertain at this time, and therefore the Company cannot reasonably predict its impact on its operations.

### 42. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

#### Approval of Financial Statements

The Group's unaudited consolidated financial statements as of interim 31 March 2020 prepared in accordance with the Capital Markets Board's Communiqué Serial: II. No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director, Sibel Koç Karacaoğlu with Budget and Financial Control Manager İlker Güven and approved for the public announcement by the Board of Directors on 30 April 2020.

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