

# **SODA SANAYİİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY -  
31 MARCH 2020 WITHOUT AUDITORS REVIEW REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

# SODA SANAYİİ A.Ş.

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# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR 31 MARCH 2020 AND 2019

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

<b>ASSETS</b>	<b>Note</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Current Assets</b>			
Cash and cash equivalents	6	2,803,278	2,300,473
Financial investments	7	94,887	92,521
Trade receivables	10,38	1,016,915	901,551
-Due from related parties	38	103,256	104,092
-Other trade receivables	10	913,659	797,459
Other receivables	11,38	7,729	13,251
-Due from related parties	38	391	201
-Other receivables	11	7,338	13,050
Derivative Instruments	12	59	163
Inventories	13	541,683	553,396
Prepaid expenses	14	84,882	29,701
Current income tax assets	36	1,403	1,495
Other current assets	27	125,409	161,109
<b>Total Current Assets</b>		<b>4,676,245</b>	<b>4,053,660</b>
<b>Non-Current Assets</b>			
Financial investments	7	796,247	730,694
Other receivables	11	324	321
Derivative Instruments	12	21,407	4,058
Investments accounted under equity method	16	531,384	460,094
Property, plant and equipment	18	2,271,772	2,250,033
Right to use assets	19	32,372	28,842
Intangible assets	20,21	155,198	151,865
-Goodwill	21	27,860	26,530
-Other intangible assets	20	127,338	125,335
Prepaid expenses	14	30,300	30,498
Deferred tax assets	36	481,639	474,808
Other non-current assets	27	442,723	442,551
<b>Total Non-Current Assets</b>		<b>4,763,366</b>	<b>4,573,764</b>
<b>TOTAL ASSETS</b>		<b>9,439,611</b>	<b>8,627,424</b>

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR 31 MARCH 2020 AND 2019

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

		31 March 2020	31 December 2019
<b>LIABILITIES</b>	<b>Note</b>		
<b>Current Liabilities</b>			
Short term borrowings	8	74,272	69,189
Short term portion of long term borrowings	8	794,283	341,429
Trade payables	10,38	420,310	506,213
-Due to related parties	38	141,096	200,217
-Other trade payables	10	279,214	305,996
Employee benefit obligations	25	8,083	6,841
Other payables	11,38	463,321	500,961
-Due to related parties	38	455,914	493,892
-Due to non-related parties	11	7,407	7,069
Deferred income	14	10,303	7,658
Current income tax liabilities	36	59,231	53,348
Short term provisions	23,25	52,550	23,329
Other current liabilities	27	91,749	15,653
<b>Total Current Liabilities</b>		<b>1,974,102</b>	<b>1,524,621</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	8	1,341,191	1,308,705
Other payables	11	921	847
Long term provisions	25	44,258	43,497
Deferred tax liabilities	36	59,775	7,890
<b>Total Non-Current Liabilities</b>		<b>1,446,145</b>	<b>1,360,939</b>
<b>Total Liabilities</b>		<b>3,420,247</b>	<b>2,885,560</b>
<b>EQUITY</b>			
<b>Total Equity Attributable to Equity Holders of the Parent</b>	28	<b>6,019,364</b>	<b>5,741,864</b>
Capital		1,000,000	1,000,000
Other comprehensive income/expense not to be reclassified to profit or loss		185,163	184,280
- Gain/(loss) on revaluation and remeasurement		185,163	184,280
- Gain/(loss) from revaluation of tangible assets		184,692	183,809
- Actuarial gain		471	471
Other comprehensive income/expense to be reclassified to profit or loss		885,225	766,732
- Foreign currency translation reserve		867,712	760,078
- Hedging gain/(loss)		17,513	6,654
Restricted reserves		249,000	229,500
Retained earnings		3,296,852	2,452,418
Net profit for the period		403,124	1,108,934
<b>Non-controlling Interest</b>	28	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>6,019,364</b>	<b>5,741,864</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,439,611</b>	<b>8,627,424</b>

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF INCOME FOR 31 MARCH 2020 AND 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
Sales	29	1,176,060	947,994
Cost of sales	29	(751,567)	(649,719)
<b>Gross Profit</b>		<b>424,493</b>	<b>298,275</b>
General administrative expenses	30,31	(38,644)	(31,551)
Marketing expenses	30,31	(128,900)	(114,948)
Research and development expenses	30,31	(1,678)	(1,221)
Other operating income	32	90,282	62,063
Other operating expenses	32	(44,200)	(37,370)
<b>Operating Profit</b>		<b>301,353</b>	<b>175,248</b>
Income from investing activities	33	98,183	64,976
Expense from investing activities	33	(6,616)	-
Impairment gains/(losses) in accordance with TFRS 9	33	2,734	(397)
Equities from the profits/(losses) of investment	16	20,654	21,049
<b>Operating Profit Before Financial Income/(Loss)</b>		<b>416,308</b>	<b>260,876</b>
Financial income	34	255,899	124,766
Financial expenses	34	(120,746)	(72,623)
<b>Profit Before Tax From Continuing Operations</b>		<b>551,461</b>	<b>313,019</b>
<b>Tax income/(expense) from continuing operations</b>		<b>(148,337)</b>	<b>(27,955)</b>
Tax (charge) income for the period	36	(106,393)	(69,251)
Deferred tax income/(expense)	36	(41,944)	41,296
<b>Profit/(loss) for the period</b>		<b>403,124</b>	<b>285,064</b>
<b>Attributable to:</b>			
Non-controlling interest	28	-	183
<b>Equity holders of the parent</b>	<b>28</b>	<b>403,124</b>	<b>284,881</b>
<b>Earnings Per Share</b>	<b>37</b>	<b>0.403</b>	<b>0.285</b>

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME FOR 31 MARCH 2020 AND 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
<b>Profit/(loss) for the period</b>	<b>28</b>	<b>403,124</b>	<b>285,064</b>
<b>Other Comprehensive Income</b>			
<b>Items not to be reclassified to profit or loss</b>	<b>28</b>	<b>882</b>	<b>455</b>
- Revaluation gain on tangible assets		509	262
- Taxes relating to other comprehensive income not to be reclassified to profit or loss		(51)	(26)
- Other comprehensive income part of shareholders method of equity valuation		424	219
<b>Items to be reclassified to profit or loss</b>	<b>28</b>	<b>118,494</b>	<b>51,670</b>
- Currency translation differences		107,635	51,670
- Other comprehensive income or loss of cash flow hedges		13,922	-
- Taxes relating to other comprehensive income to be reclassified to profit or loss		(3,063)	-
<b>Other Comprehensive Income/(Loss)</b>		<b>119,376</b>	<b>52,125</b>
<b>Total Comprehensive Income/(Loss)</b>		<b>522,500</b>	<b>337,189</b>
<b>Attributable to:</b>			
Non-controlling interest		-	491
<b>Equity holders of the parent</b>		<b>522,500</b>	<b>336,698</b>
<b>Earnings Per Share</b>	<b>37</b>	<b>0.523</b>	<b>0.337</b>

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED FINANCIAL STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 31 MARCH 2020 AND 2019

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

	Paid in Capital	Other Comprehensive Income not to be Reclassified to Profit or Loss	Other Comprehensive Income to be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to Equity Holders of the Parent	Non- controlling interest	Equity
<b>Balance at 1 January 2019</b>	<b>1,000,000</b>	<b>182,087</b>	<b>650,952</b>	<b>198,000</b>	<b>1,275,763</b>	<b>1,556,119</b>	<b>4,862,921</b>	<b>6,274</b>	<b>4,869,195</b>
Adjustment to changes in accounting policies	-	-	-	-	(2,161)	-	(2,161)	-	(2,161)
<b>Revised balance</b>	<b>1,000,000</b>	<b>182,087</b>	<b>650,952</b>	<b>198,000</b>	<b>1,273,602</b>	<b>1,556,119</b>	<b>4,860,760</b>	<b>6,274</b>	<b>4,867,034</b>
Transfers	-	-	-	31,500	1,524,619	(1,556,119)	-	-	-
Total comprehensive income / (loss)	-	453	51,364	-	-	284,881	336,698	491	337,189
Dividends	-	-	-	-	(345,000)	-	(345,000)	-	(345,000)
<b>Balance at 31 March 2019</b>	<b>1,000,000</b>	<b>182,540</b>	<b>702,316</b>	<b>229,500</b>	<b>2,453,221</b>	<b>284,881</b>	<b>4,852,458</b>	<b>6,765</b>	<b>4,859,223</b>
	Paid in Capital	Other Comprehensive Income not to be Reclassified to Profit or Loss	Other Comprehensive Income to be Reclassified to Profit or Loss	Restricted Reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to Equity Holders of the Parent	Non- controlling interest	Equity
<b>Balance at 1 January 2020</b>	<b>1,000,000</b>	<b>184,280</b>	<b>766,732</b>	<b>229,500</b>	<b>2,452,418</b>	<b>1,108,934</b>	<b>5,741,864</b>	-	<b>5,741,864</b>
Adjustment to changes in accounting policies	-	-	-	-	-	-	-	-	-
<b>Revised balance</b>	<b>1,000,000</b>	<b>184,280</b>	<b>766,732</b>	<b>229,500</b>	<b>2,452,418</b>	<b>1,108,934</b>	<b>5,741,864</b>	-	<b>5,741,864</b>
Transfers	-	-	-	19,500	1,089,434	(1,108,934)	-	-	-
Total comprehensive income / (loss)	-	883	118,493	-	-	403,124	522,500	-	522,500
Dividends	-	-	-	-	(245,000)	-	(245,000)	-	(245,000)
<b>Balance at 31 March 2020</b>	<b>1,000,000</b>	<b>185,163</b>	<b>885,225</b>	<b>249,000</b>	<b>3,296,852</b>	<b>403,124</b>	<b>6,019,364</b>	-	<b>6,019,364</b>

Detailed information on changes in equity have been disclosed in Note 28.

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 31 MARCH 2020 AND 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
<b>A.CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		<b>(170,678)</b>	<b>160,011</b>
<b>Net profit/(loss) for the period</b>			
		<b>403,124</b>	<b>285,064</b>
<b>Adjustments to reconcile net profit/(loss) to net cash provided by operating activities</b>			
		<b>(58,607)</b>	<b>(53,661)</b>
-Depreciation and amortization	18,19,20	54,090	49,427
-Adjustments for impairments/reversals	7,10,11,13,18	(2,592)	760
-Changes in provisions	23,25	30,656	27,880
-Interest income and expenses	32,34	46,447	10,324
-Unrealized exchange loss/(gain) on cash and cash equivalents	32,34	(223,323)	(83,982)
-Adjustments for fair value through profit/loss	7	(91,567)	(64,976)
-Adjustments for retained earnings from investments accounted under equity method	16	(20,654)	(21,049)
-Adjustments for tax income/(losses)	36	148,337	27,955
-Gain/losses from sales of tangible assets	33	(1)	-
<b>Changes in net working capital</b>			
		<b>(361,006)</b>	<b>(35,870)</b>
-Increases/decreases in trade receivables	10,38	(70,280)	(29,904)
-Increases/decreases in other receivables	11,38	5,522	(30,668)
-Increases/decreases in inventories	13	11,713	(95,324)
-Increases/decreases in trade payables	10,38	(89,408)	(70,873)
-Increases/decreases in other payables	11,14,25,38	(278,753)	177,270
-Increases/decreases in derivative instruments	12,34	2,089	-
-Increases/decreases in net working capital	7,14,15,27,36	58,111	13,629
<b>Cash flows from operating activities</b>			
		<b>(16,489)</b>	<b>195,533</b>
-Interest paid	8,32,34,38	(50,774)	(23,332)
-Interest received	32,34,38	4	8,466
-Employment termination benefits paid	25	(1,193)	(1,659)
-Tax returns (payments)	36	(102,226)	(18,997)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(2,953)</b>	<b>(70,090)</b>
-Cash outflows related to purchases to gain control of subsidiaries	16	(9,138)	-
-Cash inflows for purchase of shares or debt instruments of other enterprises or funds	7	22,014	-
-Proceeds from sales of tangible and intangible assets	18,20,33	10	15
-Purchases of tangible and intangible assets	18,20	(29,283)	(94,108)
-Advances given and changes in liabilities	14	(6,234)	(18,195)
-Repayment from advances given and change in liabilities	14	4,517	28,907
-Interest received	6,33,34	12,804	12,437
-Other cash inflow (outflow)	10,11,27	2,357	854

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

# SODA SANAYİİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 31 MARCH 2020 AND 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>430,046</b>	<b>182,884</b>
-Proceeds from borrowings	8	1,470,118	294,294
-Repayment of borrowings	8	(1,039,276)	(110,908)
-Cash outflows related to debt payments due to lease contracts	8	(796)	(502)
<b>Net increase/decrease in cash and cash equivalents before currency translation differences (A+B+C)</b>		<b>256,415</b>	<b>272,805</b>
<b>D. EFFECTS OF UNREALIZED EXCHANGE LOSS/(GAIN) ON CASH AND CASH EQUIVALENTS</b>		<b>247,271</b>	<b>95,971</b>
Effect of exchange rate change on cash and cash equivalents		221,013	85,368
Effect of foreign currency translation differences		26,258	10,603
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>503,686</b>	<b>368,776</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6</b>	<b>2,302,742</b>	<b>1,192,805</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>6</b>	<b>2,806,428</b>	<b>1,561,581</b>

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

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 1. Group's Organization and Nature of Operations

Soda Sanayii Group (the "Group") comprises Soda Sanayii A.Ş. (the "Company") as the parent company and its subsidiaries and associate (8 subsidiaries, 1 joint venture, 1 associate).

The Group's operations comprise establishing and acquiring manufacturing facilities to manufacture light soda ash, dense soda ash, sodium bicarbonate, sodium bichromate, sodium sulphur, basic chromium sulphate, chromic acid and derivatives of soda and other products derived from soda, and importing and exporting the production of these products, generating electricity, selling the generated electricity, and manufacturing and selling fiberglass and production of vitamin K and sodium metabisulphite derivatives.

The Company was founded on 16 October 1969 and is registered in Istanbul/ Turkey according to Turkish Commercial Code. The Company has been quoted in the Borsa İstanbul A.Ş. ("BİAŞ"), former title İstanbul Menkul Kıymetler Borsası ("İMKB"), since 2000. The Group's immediate and ultimate parent companies are T.Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş., respectively.

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

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

Şişecam General Headquarters, İçmeler Mah. D-100 Karayolu Cad. No.44A, Tuzla / Istanbul / Turkey

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Internet address : <http://www.sisecamkimyasallar.com>

Address code : [3640907410](https://www.tic.gov.tr/3640907410)

#### Trade Register Information of the Company

Registered at: İstanbul Registry Office

Registry No: 495852/443434

Mersis No (Central): 0-7720-0234-9800013

NACE Code : 20.13.07

#### Employee Structure of the Group

	31 March 2020	31 December 2019	31 March 2019
Personel paid by monthly	735	742	753
Personel paid by hourly	1,262	1,276	1,227
<b>TOTAL</b>	<b>1,997</b>	<b>2,018</b>	<b>1,980</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 1. Group's Organization and Nature of Operations (Continued)

#### Consolidated subsidiaries

The nature of the businesses, the respective business segments of the consolidated subsidiaries are as follows:

Subsidiaries	Nature of Business	Registered Country
Şişecam Soda Lukavac D.O.O. Şişecam Bulgaria EOOD	Soda manufacturing and selling Trading of soda products	Bosnia and Herzegovina Bulgaria
Cromital S.p.A. Şişecam Chem Investment B.V. Şişecam Elyaf Sanayii A.Ş. Oxyvit Kimya Sanayii ve Tic. A.Ş. Şişecam Trading Co. Şişecam Chemicals USA Inc.	Manufacturing and trading of chrome derivatives Financing and investing Fiberglass manufacturing and selling Vitamin K-3 derivatives manufacturing Business operation Trading of soda products	Italy Netherlands Turkey Turkey China USA
Joint Ventures	Nature of Business	Registered Country
Pacific Soda LLC	Soda manufacturing and selling	USA
Associates	Nature of Business	Registered Country
Solvay Şişecam Holding AG	Financing and Investing	Austria

The respective business segments of the consolidated subsidiaries and the Group's share of direct ownership are as follows:

Company Name	31 March 2020		31 December 2019	
	Direct and indirect ownership (%)	Proportion of ownership (%)	Direct and indirect ownership (%)	Proportion of ownership (%)
<b>Subsidiaries</b>				
Şişecam Soda Lukavac D.O.O.	100.00	100.00	100.00	100.00
Şişecam Bulgaria EOOD	100.00	100.00	100.00	100.00
Cromital S.p.A.	100.00	100.00	100.00	100.00
Şişecam Chem Investment B.V.	100.00	100.00	100.00	100.00
Şişecam Elyaf Sanayii A.Ş.	100.00	100.00	100.00	100.00
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100.00	100.00	100.00	100.00
Şişecam Trading Co.	100.00	100.00	100.00	100.00
Şişecam Chemicals USA Inc.	100.00	100.00	100.00	100.00
<b>Joint Ventures</b>				
Pacific Soda LLC.	50.00	50.00	50.00	50.00
<b>Associates</b>				
Solvay Şişecam Holding AG	25.00	25.00	25.00	25.00

### 2. Basis of Presentation of Consolidated Financial Statements

#### 2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("CMB") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards. In addition, Amendments in TFRS 15 Customer Contracts Revenue and TFRS 16 Leases standards with changes published by the POA on June 2, 2016 with the decision no.30, has been presented in accordance with the current 2019 TFRS and TAS taxonomy published on 15 April 2019.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

#### 2.1 Basis of Presentation (Continued)

In accordance with TAS 34 Interim Financial Reporting Standard, entities are free to prepare their financial statements in full set or summary. In this context, the company preferred to prepare full set of financial statements in interim periods.

The Company (and its subsidiaries and joint ventures 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 and associates 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 interim consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These interim 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/IFRS.

#### Presentation and Functional Currency

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 consolidated are expressed in thousands of Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group. In the tables, currencies other than TL are expressed in thousands.

#### Restatement of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the Turkish Accounting Standards (including the application of TFRS) 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 joint ventures 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 year consolidated financial statements.

#### Financial statements of foreign subsidiaries

Financial statements of subsidiaries, associates and joint ventures 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 balance sheet 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 balance sheet date rates are recognized in the currency translation differences, under equity.

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations performed 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
USD Dolar	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
Bulgarian Leva	3.68897	3.43608	3.40040	3.24571	3.23075	3.11522
Bosnian Mark	3.68897	3.43608	3.40040	3.24571	3.23075	3.11522
Chinese Yuan	0.91323	0.86812	0.84545	0.81641	0.83320	0.79015

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

#### 2.1 Basis of Presentation (Continued)

##### Consolidation Principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. 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, 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, it has the power to exercise its actual 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 shows their ownership and effective interests rates as of 31 March 2020 and 31 December 2019.

Subsidiaries are included into consolidation from the date on which the control is transferred to the Group and left out of the scope of consolidation from the date that control ceases. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of disposing respectively.

The statement of financial position and statement 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 profit or loss and other comprehensive income for the period, respectively.

The non-controlling shareholders' share in the net assets of consolidated subsidiaries are separately classified in Group's equity. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

The accumulated losses of a consolidated subsidiary other than the parent company, may exceed the equity amount. In this case, the accumulated loss and the subsequent current year losses that will fall to the share of the main partnership, it is associated with a non-partnership share.

##### Shares in Joint Ventures

Joint ventures refer to companies established under a contract to undertake an economic activity to be jointly managed by the Company and its subsidiaries and one or more entrepreneurs. The Group provides this joint control by taking advantage of the shares it owns directly or indirectly. As of March 31, 2020 and December 31, 2019, the details of the Group's joint ventures are explained in Note 1. Joint ventures are included in the scope of consolidation by using the equity method.

##### Associates

The equity method is used for accounting of investments at 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. Note 1 sets out all associates included in the scope of consolidation as of 31 March 2020 and 31 December 2019. Associates are included in the scope of consolidation by using the equity method.

Due to the fact that the income and expense of Joint ventures and associates are segments of the activities that are the main activities of the Group, the account which is "Income from investments in associates and joint ventures" is presented as a part of the "Operating Profit before financial income" in the consolidated statement of profit and loss.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

#### 2.1 Basis of Presentation (Continued)

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

Financial investments are accounted for in accordance with "IFRS 9-Financial Instruments" standard 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. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment gains or losses and exchange rate differences income or expenses.

#### 2.2 Statement of Compliance to TAS/IFRS

The Group prepared its consolidated financial statements for the period ended 31 March 2020 in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the formats recommended by CMB, including required disclosures.

#### 2.3 Amendments in the Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are rearranged. The accounting policies applied in the preparation of the consolidated financial statements as of 1 January – 31 March 2020 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2019.

#### 2.4 Changes in the Accounting Estimates and Errors

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

Detected material errors in accounting are applied, retrospectively by restating the prior period consolidated financial statements.

#### 2.5 Amendments in Turkish Financial Reporting Standards ("IFRS")

The accounting policies adopted in preparation are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC 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.

##### **New standards, amendments and interpretations prevalent from January 1, 2020**

##### **Definition of a Business (Amendments to IFRS 3)**

In May 2019, the POA issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

The amendment is not applicable for the Group and is not an impact on the financial position or performance of the Group.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

(Amounts are expressed in thousands of 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)

##### *New standards, amendments and interpretations prevalent from January 1, 2020 (Continued)*

##### *Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform*

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments have not an impact on the financial position or performance of the Group.

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

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 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 TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. Early application is permitted.

The amendments have not an impact on the financial position or performance of the Group.

##### **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 and TAS 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 wait until the final amendment to assess the impacts of the changes.

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

The POA 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.

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

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

(Amounts are expressed in thousands of 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: (Continued)

###### *Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities*

On March 12, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. 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 Recognition

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:

- presence of the Group's collection right of the consideration for the goods or services,
- customer's ownership of the legal title on goods or services
- physical transfer of the goods or services,
- customer's ownership of significant risks and rewards related to the goods or services,
- customer's acceptance of goods or services.

If the 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. Dividend payables are recognized in the period that the profit distribution is declared. Dividends as a factor of distribution of profits will be reported in the Consolidated Financial Statements after the Board of Directors' approval.

##### Inventory

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, direct labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. 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, semi-finished goods, finished goods, operating materials, commercial goods and other stocks (Note 13).

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

(Amounts are expressed in thousands of 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

The tangible assets apart from land and properties are recognized based on the "cost model" under TAS 16. The assets are carried at cost less accumulated depreciation and impairment. Lands and properties are carried at revaluated amount, being its fair value at the date of revaluation less subsequent depreciation and impairment.

Land and properties are accounted by the revaluation model. The accounting policy is effective from the consolidated financial statements as of 31 December 2015. As long as there is no significant economic change that would affect the value of the related properties, they are routinely revalued in every 3 years. In this context, revaluation has been made to reflect in the consolidated 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 (Note 18).

Assets held under finance leases are amortized in the same way as other tangible assets with the expected economic life and shorter leasing period.

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

	<u>Usefull Life</u>
Land improvements	5-50 years
Buildings	4-50 years
Machinery and equipment	3-25 years
Vehicles	4-10 years
Furniture and fixtures	2-20 years
Leasehold improvements	3-15 years

Property, plant and equipment are reviewed for probable 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.

All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred. 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. Gain or losses on disposal of property, plant and equipment are included in the income/expense from investing activities 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 used or disposed of or fully depreciated.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Intangible Assets

###### Intangible assets acquired

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 3 and 15 years based on their economic lives (Note 20).

###### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-15 years).

Costs associated with developing or maintaining computer software programs are recognized in the comprehensive income statement as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 15 years) (Note 20).

###### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 20).

###### Mining Sites

The land used for benefiting from the salt was classified into the land improvements in previous periods, whereas it was classified as intangible assets since 2015. Mining sites are capitalized on the basis of purchase price. Mining sites are subject to amortization when their capacity is ready to be fully utilized and their physical condition will meet the production capacity determined by the Group management. Cost of salt wells are amortized on a straight-line basis over their estimated useful lives (Note 20).

###### Derivative and Hedging Instruments

Derivative Instruments are initially recognized at acquisition cost which is reflecting the fair value at the date of the contract and are valued at fair value in the periods following their acquisition. The derivative instruments of the Group mainly consist of foreign exchange forward contracts, foreign currency and interest rate swap transactions. These derivative instruments provide an effective protection against economic risks for the Group, but when these instruments do not meet the required conditions from the point of risk accounting, they are recognized as derivative instruments for trading in the consolidated financial statements and the related fair value changes are reflected in the profit or loss statement. The Group's hedging operations, which meet the financial hedging accounting conditions, are accounted for as described below:

###### Cash Flow Hedging Operations

At the date of the derivative contract, the Group identifies transactions that are protected against changes in cash flows of a registered asset or liability or transactions that may be associated with a particular risk and which are likely to occur as a result of a certain risk and which may affect profit/loss. The Group presents gains and losses related to cash flow hedging operations, which are described as effective, as 'hedging gains/(losses)' in equity. In case that the financial risk-protected commitment or hedged future transaction becomes an asset or liability, the gain or loss related to these transactions tracked among the equity items are taken from these items and included in the acquisition cost or book value of that asset or liability. Otherwise, the amounts recognized under equity items are transferred to the Consolidated statement of comprehensive income as profit or loss in the period in which the probable future transaction protected from financial risk affects the Consolidated Statement of comprehensive income.

If the transaction is not expected to occur in the future, the accumulated gains and losses previously accounted for under equity are transferred to the profit or loss statement. In case that the hedging instrument is replaced by another instrument without identifying or extending another instrument, in accordance with the documented hedging strategy, expired, sold, terminated or used, or the hedging definition is cancelled, the gains and losses previously accounted for under other comprehensive income will continue to be classified under equity until the final commitment or estimated transaction affects the profit and loss statement.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Hedge Accounting

The Group has determined that its operations subject to hedging accounting, which already meets the required criteria, will also be within the scope of hedging accounting within the framework of TFRS 9. TFRS 9 does not create any changes in the general principles of effective hedging accounting of a business, and the hedging accounting requirements of TFRS 9 have no 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 balance sheet 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 when the events use or sold. 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 when used or sold. An impairment loss is recognised immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognised impairment loss shall not exceed the carrying amount of the asset (net of amortization 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 comprehensive statement of income.

##### 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.

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# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### 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.

##### 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 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 and their families, in each case together with the companies controlled by 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.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Financial Assets

###### Classification

The 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 when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

###### 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. The Group's financial assets measured at amortized cost "cash and cash equivalents" and "trade receivables" with "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.

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 income.

"*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 income.

###### 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 (ECL) model". The impairment model applies for amortized financial and contractual assets.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Impairment (Continued)

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.

##### **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" 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).

Maturity difference income / expenses and exchange difference profit / loss related to commercial transactions are accounted in the "Other Operating Income / Expense" account in the consolidated statement of profit or loss (Note 10 and Note 32).

##### **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 at fair value at initial recognition. Transaction costs which directly relatable to the burden of the financial liability are also added to the fair value.

##### 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.

##### **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).

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### 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 acquire 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 re-measured at the date of purchase (ie, on the date when the Group takes control) to bring its shareholder's equity to fair value and, if any, the resulting gain / loss is recognized in profit / loss. Amounts arising from the share of the purchase of the business, which is accounted for in other comprehensive income before the purchase date, are transferred to the period profit or loss or previous years profit losses under the assumption that the shares in question have been disposed of.

##### Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

##### Effects of Changes in Foreign Exchange Rates

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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to TRY 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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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Effects of Changes in Foreign Exchange Rates (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 balance sheet 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.

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 closing rates.

##### Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income 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).

##### Events after the balance sheet date

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 balance sheet 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 has identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group which is Board of Directors.

The chief operating decision maker reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: chrome derivatives, soda derivatives-energy-other products. Geographic segments of the Group are defined in the following regions: Turkey, Europe and others. Some of the income and expense are not included in segment reporting as they are managed centrally.

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.

If management believes that information about the segment will be beneficial for users of financial statements, operating segments that do not meet any of the above numerical lower limits can also be considered as reportable segments and the information related to them can be disclosed separately.

##### Government incentives and grants

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

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

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

##### Current and deferred income tax

The tax expense for the year 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 year tax on income is calculated for the Group's subsidiaries, associates and joint ventures 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 balance sheet 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, call for military service, 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 actuarial profits and losses are recognized in the consolidated statements of income (Note 25).

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

##### Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its 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.

The Group prepares a cash flow statement as an integral part of other financial statements in order to inform the users of the financial statements about the changes in the net assets, the financial structure and the ability to manage the cash flows in terms of the amount and timing. Cash flows for the period are classified as operating, investing, and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows obtained from operating activities in the financial statements in a net (indirect) method.

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

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 2. Basis of Presentation of Consolidated Financial Statements (Continued)

#### 2.7 Significant Accounting Estimates and Assumption

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Accounting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Accounting Standards and tax purposes. 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 an accounting nor taxable profit/(loss). 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 of 31 March 2020, there are deferred tax assets calculated based on temporary differences arising from tax deductions over the taxable income in the loss from previous year for the period that can be utilized in the taxable period which is amount TRY 29,096 thousand (31 December 2019: TRY 20,863 thousand). The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. 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 439,378 thousand (31 December 2019: TRY 475,666 thousand) (Note 36).

In accordance with Turkish Accounting Standards(TAS) 16, The Group revalued its real estates(Lands, properties and buildings) by 'Revaluation model', taking into account the value at September 30, 2018 period results of operations has been reflected in the financial statements as of 31 December, 2018 due to its finalization after being disclosed to the public.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 are based on expert reports prepared by independent valuation companies with sufficient information and professional knowledge about the related properties.

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, based on the comparable property in the market in nearby 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 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 reconstruction 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 balance sheet 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 income statement. The initial book values of the related assets are adjusted to their revalued amounts and the additional value increase has been recorded by calculating deferred taxes in the equity revaluation fund.

For the period 1 January-31 December 2018, if the fair value determined by the independent evaluation company was 1% lower / higher, the total comprehensive income for the period would be TRY 397,000 lower / higher.

Value increases calculated over real estates for use are offset in the 'Revaluation and measurement gains/Losses' account of equity and impairments,if any, previously accounted for in the equity are offset in the same account while excess of the non-deductible impairment is recognized in the 'Investment Expenses(-)' account in Profit/Loss Statement.

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# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 3. Business Combinations

There are no business combination within TFRS-3 "Business Combination" standard in 1 January – 31 March 2020 period (1 January-31 December 2019:None.)

### 4. Interests in Other Entities

The disclosed information in Note 1 include the titles, fields of activities, ownership shares and the registered countries of the Group's subsidiaries, joint ventures and associates.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 5. Segment Reporting

The segment analysis based on the Group's internal reporting is as follows:

1 January-31 March 2020	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	275,513	904,725	1,180,238	(4,178)	1,176,060
Cost of sales (-)	(156,985)	(598,718)	(755,703)	4,136	(751,567)
Gross profit	118,528	306,007	424,535	(42)	424,493
Purchases of property, plant and equipment and intangibles	6,167	23,197	29,364	-	29,364
Right to use assets	-	-	-	-	-
Depreciation and amortization (Note 18,19,20)	(4,784)	(49,306)	(54,090)	-	(54,090)
1 January-31 March 2019	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	242,437	705,802	948,239	(245)	947,994
Cost of sales (-)	(150,656)	(499,308)	(649,964)	245	(649,719)
Gross profit	91,781	206,494	298,275	-	298,275
Purchases of property, plant and equipment and intangibles	7,634	97,029	104,663	-	104,663
Right to use assets	70	724	794	-	794
Depreciation and amortization (Note 18,19,20)	(3,932)	(45,879)	(49,811)	384	(49,427)

-Assets are not reported by operating segments.

# SODA SANAYİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 5. Segment Reporting (Continued)

<b>1 January-31 March 2020</b>	<b>Turkey</b>	<b>Europe</b>	<b>Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Revenue (*)	888,228	306,840	1,031	1,196,099	(20,039)	1,176,060
Purchases of property, plant and equipment and intangibles	22,985	6,379	-	29,364	-	29,364
Right to use assets	-	-	-	-	-	-
Depreciation and amortization (Note 18,19,20)	(34,859)	(19,211)	(20)	(54,090)	-	(54,090)
<b>Total Assets (31 March 2020)</b>	<b>8,294,297</b>	<b>1,633,540</b>	<b>20,875</b>	<b>9,948,712</b>	<b>(509,101)</b>	<b>9,439,611</b>
<b>1 January-31 March 2019</b>	<b>Turkey</b>	<b>Europe</b>	<b>Other</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Revenue (*)	737,932	230,075	2,831	970,838	(22,844)	947,994
Purchases of property, plant and equipment and intangibles	95,783	8,877	3	104,663	-	104,663
Right to use assets	794	-	-	794	-	794
Depreciation and amortisation	(31,987)	(17,806)	(18)	(49,811)	384	(49,427)
<b>Total Assets (31 March 2019)</b>	<b>6,296,576</b>	<b>1,375,781</b>	<b>19,046</b>	<b>7,691,403</b>	<b>(505,113)</b>	<b>7,186,290</b>

(\*) Net sales according to the geographical regions are represented based on the countries where the companies are operating.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 6. Cash and Cash Equivalent

	31 March 2020	31 December 2019
Cash on hand	66	80
Cash in banks	2,806,838	2,303,327
- Demand deposits	94,688	43,948
- Time deposits (with maturities of three months or less)	2,712,150	2,259,379
Impairment provision (-)	(3,626)	(2,934)
	<b>2,803,278</b>	<b>2,300,473</b>

#### Time Deposits

Currency	Interest Rate (%)	Maturity	31 March 2020	31 December 2019
USD	0.05-2.25	April-May 2020	1,972,506	1,544,035
EUR	0.05	April-May 2020	676,831	581,443
TRY	10.00-12.25	April 2020	2,640	77,577
CNY	0.05	April 2020	7,777	6,420
GBP	0.05	April 2020	52,396	49,904
			<b>2,712,150</b>	<b>2,259,379</b>

The movements in cash and cash equivalents are as follows:

	31 March 2020	31 December 2019
Beginning of period – 1 January	(2,934)	(654)
Addition	(692)	(2,280)
	<b>(3,626)</b>	<b>(2,934)</b>

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

	31 March 2020	31 December 2019	31 March 2019
Cash and cash equivalents	2,803,278	2,300,473	1,560,113
Interest accruals effect	(476)	(665)	(532)
Effect of impairment	3,626	2,934	2,000
	<b>2,806,428</b>	<b>2,302,742</b>	<b>1,561,581</b>

### 7. Financial Investments

#### a) Current financial investments

Current Financial Investments	31 March 2020	31 December 2019
Financial investments measured at amortized cost (*)	95,755	93,509
Impairment provision	(868)	(988)
	<b>94,887</b>	<b>92,521</b>

(\*) Long-term, semi-annual fixed-rate USD represents the short-term portion of the securities in the currency.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 7. Financial Investments (Continued)

#### b) Non-current financial investments

<b>Financial investments measured by long-term amortized cost</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Financial investments measured at amortized cost	808,726	746,479
Provision for impairment	(12,479)	(15,785)
<b>Total non-current financial investments</b>	<b>796,247</b>	<b>730,694</b>

#### Financial investments measured at amortized cost

<b>Marketable security issuer</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Türkiye Vakıflar Bankası T.A.O.	196,034	176,183
Türkiye İş Bankası A.Ş.	195,519	175,758
Yapı ve Kredi Bankası A.Ş.	136,451	139,929
Türkiye Sınai Kalkınma Bankası A.Ş.	108,782	97,860
Ziraat Bankası A.Ş.	65,485	58,928
Türk Eximbank	56,840	51,350
Turkcell İletişim Hizmetleri A.Ş.	45,927	41,271
Türkiye Garanti Bankası A.Ş.	31,489	29,069
Arçelik A.Ş.	29,451	26,483
Türkiye Halk Bankası A.Ş.	28,855	34,467
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	7,002	6,307
Finansbank A.Ş.	2,646	2,383
	<b>904,481</b>	<b>839,988</b>
<b>Total Impairment</b>	<b>(13,347)</b>	<b>(16,773)</b>
<b>Net</b>	<b>891,134</b>	<b>823,215</b>

The Group accounted the fixed income securities held to maturity under amortised costs using effective interest rate. Bonds, as a type of securities, are in US Dollars with a fixed interest payment in every six months.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 7. Financial Investments (Continued)

#### Financial investments measured at amortized cost (Continued)

Financial investments measured at amortized cost has an active market. Below is the list of their market prices:

Marketable security issuer	31 March 2020	31 December 2019
Türkiye İş Bankası A.Ş.	186,795	178,740
Türkiye Vakıflar Bankası T.A.O.	186,284	177,432
Yapı ve Kredi Bankası A.Ş.	127,897	140,405
Türkiye Sınai Kalkınma Bankası A.Ş.	106,030	99,010
Ziraat Bankası A.Ş.	60,072	58,833
Türk Eximbank	52,409	52,812
Turkcell İletişim Hizmetleri A.Ş.	42,353	42,387
Türkiye Garanti Bankası A.Ş.	29,455	29,723
Arçelik A.Ş.	27,696	27,381
Türkiye Halk Bankası A.Ş.	27,304	33,547
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	6,523	6,557
Finansbank A.Ş.	2,469	2,398
	<b>855,287</b>	<b>849,225</b>

The maturity of financial investments, measured at amortized cost, is as follows:

Collection terms	31 March 2020	31 December 2019
Less than 3 months	51,739	26,811
Within 3 - 12 months	44,016	66,698
Within 1 - 5 years	774,163	715,419
5 years and above	34,563	31,060
	<b>904,481</b>	<b>839,988</b>

Movements of financial investments, measured at amortized cost, are as follows:

	31 March 2020	31 March 2019
Opening balance - 1 January	839,988	771,134
Principal collected during the period	(22,014)	-
Interest collection during the year	(5,060)	(4,422)
Revaluation differences	91,567	64,976
Impairment	(13,347)	-
	<b>891,134</b>	<b>831,688</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 7. Financial Investments (Continued)

#### Financial investments measured at amortized cost (Continued)

For the purpose of impairment of financial investments, transactions are as follow:

	31 March 2020	31 March 2019
Opening balance – 1 January	(16,773)	(20,783)
Current period provision additions/disposals	3,426	949
	<b>(13,347)</b>	<b>(19,834)</b>

Coupon interest rates and the redemption dates for financial investments measured at amortized cost are as follows:

Marketable security issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	06/10/2021
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	25/06/2021
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21/04/2022
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25/04/2024
Türkiye Halk Bankası A.Ş.	XS1188073081	4.750	11/02/2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5.000	13/07/2021
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5.750	15/10/2025
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	18/05/2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	22/04/2020
Arçelik A.Ş.	XS0910932788	5.000	03/04/2023
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5.250	13/09/2022
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	XS0848940523	3.375	01/11/2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5.500	27/10/2021
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5.625	30/05/2022
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24/02/2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21/06/2024
Türk Eximbank	XS1028943089	5.000	23/09/2021
Türk Eximbank	XS1345632811	5.375	08/02/2021
Türk Eximbank	XS1496463297	5.375	24/10/2023
Finansbank A.Ş.	XS1613091500	4.875	19/05/2022
Ziraat Bankası A.Ş.	XS1605397394	5.125	03/05/2022
Ziraat Bankası A.Ş.	XS1223394914	4.750	29/04/2021

Marketable securities' average effective interest rate is 5.684% (31 December 2019: Average 5.684%). Financial investments measured at amortized cost, are kept by İş Portföy Yönetimi A.Ş.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 8. Borrowings

	31 March 2020	31 December 2019
<b>Short-term bank borrowings</b>		
Short-term bank borrowings	74,272	69,189
<b>Short term portion of long term bank borrowings</b>		
Short term portion of long term borrowings' installments and interests on principal	591,804	153,840
Lease Payables	9,992	9,088
Deferred lease borrowing costs (-)	(7,108)	(6,319)
Due to related parties (Note 38)	199,715	184,958
Issuance differences and commissions of financial liabilities due to related parties	(120)	(138)
<b>Total short term portion of long term bank borrowings</b>	<b>794,283</b>	<b>341,429</b>
<b>Total current financial liabilities</b>	<b>868,555</b>	<b>410,618</b>
<b>Non-current financial liabilities</b>		
Long term portion of long term bank borrowings	1,006,289	1,004,605
Lease Payables	106,061	92,573
Deferred lease borrowing costs (-)	(71,889)	(62,202)
Due to related parties (Note 38)(*)	304,080	277,210
Issuance differences and commissions of financial liabilities due to related parties	(3,350)	(3,481)
<b>Total non-current financial liabilities</b>	<b>1,341,191</b>	<b>1,308,705</b>
<b>Total financial liabilities</b>	<b>2,209,746</b>	<b>1,719,323</b>

(\*) On 9 May 2013, T.Şişe ve Cam Fabrikaları A.Ş. issued USD 500 million notes with seven year maturity due May 2020. The fixed interest rate for notes is 4.25% with a fixed interest payment in every six months. After the issuance of bonds, USD 50,000,000 was transferred to the Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount. On 29 March 2019, payment was made before the due date and the remaining share of the Group from this issue is USD 29,992,000.

T.Şişe ve Cam Fabrikaları A.Ş. issued bonds totaling USD 700 million, with a nominal amount of USD 550 million on March 14, 2019 and a nominal amount of USD 150 million on March 28, 2019. The repayment date of the aforementioned bonds is 14 March 2026 and the principal payment will be made on the last maturity date. The coupon interest rate is determined as 6.95% and the interest rate is payable in every six months. Following the issuance of these bonds, the fund amounting to USD 46,666,667 has been transferred to the group and the Group has made a guarantee for principal, interest, and similar payments as much as the amount of funds provided to the Group.

As of balance sheet date, risk of changes in interest rates on loans and contractual repricing dates of the Group as follows:

	31 March 2020	31 December 2019
<b>Repricing periods for loans</b>		
Less than 3 months	617,050	156,692
Within 3 - 12 months	49,026	66,337
Within 1 - 5 years	1,006,289	1,004,605
5 years and above	-	-
	<b>1,672,365</b>	<b>1,227,634</b>

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate 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 months 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.

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 8. Borrowings (Continued)

The movement schedule of the borrowings of the company between 1 January – 31 March 2020 is as follows:

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	1,215,956	11,721	(43)	1,227,634
Currency translation differences	7,393	37	(2)	7,428
Liability reserve within period(*)	1,470,118	37,220	-	1,507,338
Reversal of provision within period	(1,039,276)	(30,777)	18	(1,070,035)
<b>Balance at 31 March 2020</b>	<b>1,654,191</b>	<b>18,201</b>	<b>(27)</b>	<b>1,672,365</b>

<b>Financial liabilities due to related parties</b>	<b>Principal</b>	<b>Interest</b>	<b>Issuance differences</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	455,368	6,799	(3,111)	(508)	458,548
Foreign exchange gain/(loss)	44,140	-	-	-	44,140
Liability reserve within period	-	7,585	(393)	393	7,585
Reversal of provision within period	-	(10,097)	118	30	(9,949)
<b>Balance at 31 March 2020</b>	<b>499,508</b>	<b>4,287</b>	<b>(3,386)</b>	<b>(85)</b>	<b>500,324</b>

(\*) In the period between 1 January and 31 March 2020, there is capitalized finance expense of TRY 81 thousand(1 January - 31 December 2019: TRY 3,735 thousand).

The movement schedule of the borrowings of the company between 1 January – 31 March 2019 is as follows:

<b>Bank Borrowings</b>	<b>Principal</b>	<b>Interest</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	277,288	684	(153)	277,819
Currency translation differences	4,782	30	(6)	4,806
Foreign exchange gain/(loss)	216	-	-	216
Liability reserve within period	45,019	3,664	-	48,683
Reversal of provision within period	(18)	(2,831)	36	(2,813)
<b>Balance at 31 March 2019</b>	<b>327,287</b>	<b>1,547</b>	<b>(123)</b>	<b>328,711</b>

<b>Financial liabilities due to related parties</b>	<b>Principal</b>	<b>Interest</b>	<b>Issuance differences</b>	<b>Commission</b>	<b>Total</b>
Opening balance, 1 January	263,045	1,352	(146)	(58)	264,193
Foreign exchange gain/(loss)	26,086	-	-	-	26,086
Liability reserve within period	253,225	3,852	(3,394)	(556)	253,127
Reversal of provision within period	(110,890)	(1,715)	86	17	(112,502)
<b>Balance at 31 March 2019</b>	<b>431,466</b>	<b>3,489</b>	<b>(3,454)</b>	<b>(597)</b>	<b>430,904</b>

The movements of the borrowings from leasing transactions within the period of 1 January-31 March 2020 are as follows;

<b>Lease Payables</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Opening balance, 1 January	33,139	68,521	101,660
Foreign exchange (gain) loss	5	-	5
Revaluation	4,710	-	4,710
Additions	-	12,262	12,262
Disposes	(796)	(1,787)	(2,583)
<b>Balance at 31 March 2020</b>	<b>37,058</b>	<b>78,996</b>	<b>116,054</b>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 8. Borrowings (Continued)

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

#### 31 March 2020

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2020-2026	4.25-6.95	199,594	300,730	500,324
EUR	2020-2022	Euribor + 1.50-3.20	73,899	21,289	95,188
TRY	2020-2046	8.80-12.50	595,062	1,019,172	1,614,234
			<b>868,555</b>	<b>1,341,191</b>	<b>2,209,746</b>

(\*) Expresses the lower and upper ratios, the weighted average interest rate for EUR is Euribor + 2.69% for USD is 4.25-6.95% (Average effective annual interest rate for EUR is 2.69%, for USD is 5.89% and for TRY 11.28%).

#### 31 December 2019

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2020-2026	4.25-6.95	184,819	273,729	458,548
EUR	2020-2022	Euribor + 2.20-3.50	66,379	19,605	85,984
TRY	2020-2046	11.00-13.85	159,420	1,015,371	1,174,791
			<b>410,618</b>	<b>1,308,705</b>	<b>1,719,323</b>

(\*) Expresses the lower and upper ratios, the weighted average interest rate for EUR is Euribor + 2.69% for USD is 4.25-6.95% (Average effective annual interest rate for EUR is 2.69%, for USD is 5.89% and for TRY 11.66%).

The repayment schedule of the financial liabilities is as follows:

	31 March 2020	31 December 2019
Within 1 year	868,555	410,618
Within 1-2 years	417,291	415,908
Within 2-3 years	595,225	594,431
Within 3-4 years	3,378	2,912
Within 4-5 years	2,766	2,876
5 years and longer term	322,531	292,578
	<b>2,209,746</b>	<b>1,719,323</b>

### 9. Other Financial Liabilities

None (31 December 2019 : None).

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 10. Trade Receivables and Payables

#### Trade Receivables

	31 March 2020	31 December 2019
<b>Current Trade Receivables</b>		
Trade receivables	878,074	766,048
Notes receivable	39,904	36,392
Other trade receivables	24	16
Trade receivables due from related parties (Note 38)	103,256	104,092
Rediscount of notes receivable (-)	(1,787)	(1,716)
Allowances for doubtful trade receivables (-)	(2,556)	(3,281)
	<b>1,016,915</b>	<b>901,551</b>

Intra-group sales of Türkiye Sise ve Cam Fabrikaları A.Ş. regarding to Soda products payment term is 60 days (31 December 2019: 60 days) and extra-group domestic sales average term is 64 days (31 December 2019: 63 days). After the due date, for TRY payments 1% (December 31, 2019: 1.08%), for US dollar payments 0.25% (December 31, 2019: 0.33%) a late fee charge is applied a monthly basis.

Average sale term for domestic sales of chrome products is 1 day (31 December 2019: 2 days). For export sales, the average sales term is 65 days (31 December 2019: 68 days). After the due date, for TRY payments 1% (December 31, 2019: 1.08%), for US dollar payments 0.25% (December 31, 2019: 0.33%) a late fee charge is applied a monthly basis.

The Group has recognized a provision for its 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 of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management has an opinion of that no further loan loss provision is required in excess of the allowance for doubtful debts.

The movement in the allowance for doubtful receivable is as follows:

	31 March 2020	31 March 2019
Opening balance, 1 January	(3,281)	(4,055)
Foreign currency translation differences	(99)	(90)
Period cost	(142)	(609)
Provision canceled within the period	966	1,473
	<b>(2,556)</b>	<b>(3,281)</b>

The Group holds the following collaterals for trade receivables:

	31 March 2020	31 December 2019
Eximbank export insurance	322,744	313,692
Hermes receivable insurance	231,440	208,349
Guarantee letters	40,305	26,514
Commercial letter of credit	5,483	8,201
Other	100,628	74,369
	<b>700,600</b>	<b>631,125</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 10. Trade Receivables and Payables (Continued)

#### Trade Receivables (Continued)

The below shows that the aging practice of trade receivables which are past due but not impaired and these receivables are belong to various customers have no collection risk in recent.

	31 March 2020	31 December 2019
Overdue up to one month	69,949	66,886
Overdue for 1-3 months	23,869	17,651
Overdue for 3-12 months	2,780	1,822
Overdue for 1-5 years	2,881	1,711
<b>Total overdue receivables</b>	<b>99,479</b>	<b>88,070</b>
<b>The part under guarantee with collateral etc.</b>	<b>(78,068)</b>	<b>(69,971)</b>

There are no non-current receivables (31 December 2019: None).

#### Trade Payables

	31 March 2020	31 December 2019
<b>Current Trade Payables</b>		
Trade payables	274,684	304,188
Due to related parties (Note 38)	141,096	200,217
Other trade payables	5,427	2,875
Rediscount of notes payable	(897)	(1,067)
	<b>420,310</b>	<b>506,213</b>

95% of chromite purchases are made upon arrival of the ship in Mersin port, the remaining 5% is paid after the discharge port analysis result (31 December 2019: 30 days) and 90% percent of the anthracite payments are made in advance, the remaining 10% payment is made after the analysis report (31 December 2019: 30-60 days). The average payment term for other commercial debts is 45-60 days (31 December 2019: 45-60 days). The Group has financial risk management policies that it has implemented to ensure that all debts are paid within the lending period.

There are no non-current payables (31 December 2019: None).

### 11. Other Receivables and Payables

	31 March 2020	31 December 2019
<b>Other current receivables</b>		
Other receivables from related parties (Note 38)	391	201
Receivables from personnel	167	95
Deposits and guarantees given	1,556	877
Other current receivables	5,649	12,112
Allowance for other receivables	(34)	(34)
	<b>7,729</b>	<b>13,251</b>

Movements in respect of other doubtful receivables are as follows:

	31 March 2020	31 March 2019
Opening balance, 1 January	(34)	(34)
Allowance within the period	-	-
	<b>(34)</b>	<b>(34)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 11. Other Receivables and Payables (Continued)

	31 March 2020	31 December 2019
<b>Other non-current receivables</b>		
Deposits and guarantees given	325	321
	<b>325</b>	<b>321</b>
<b>Other current payables</b>		
Due to related parties (Note 38)	455,914	493,892
Deposits and guarantees received	7,283	6,894
Other current payables	124	175
	<b>463,321</b>	<b>500,961</b>
<b>Other non-current payables</b>		
Other non-current payables	921	847
	<b>921</b>	<b>847</b>

### 12. Derivative Financial Instruments

The Group has signed the cross-currency swap agreements stated below to protect the portion of USD 30 million in cash flow risk from debt instruments with a nominal value of USD 700 million issued abroad and a coupon rate of 6.95% in every six months from the principal payment dated March 14, 2026.(Note 8)

On 17 April 2019, the group agreed with HSBC for a purchase of USD 30,000,000 , EUR 26,525,198.94 sale on 13 March 2026 and a USD 6.95% interest rate swap with an interest rate of EUR 4.73% in every six months until 13 March 2026 starting from 13 September 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.

Distribution of derivative instruments are as follows:

	31 March 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Short term derivative instruments	59	-	163	-
Long term derivative instruments	21,407	-	4,058	-
	<b>21,466</b>	<b>-</b>	<b>4,221</b>	<b>-</b>

Current year derivative instruments are as follows:

	31 March 2020	31 December 2019
Opening balance, 1 January	4,221	-
Exchange difference income / (expense) recognized in profit and loss	4,392	3,724
Realized exchange differences	(2,089)	(1,926)
Interest income / (expense) recognized in profit and loss	1,020	(6,107)
Value difference recognized in equity	13,922	8,530
<b>Net Equity/Liability</b>	<b>21,466</b>	<b>4,221</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 13. Inventories

	31 March 2020	31 December 2019
Raw materials	265,657	280,235
Finished goods	235,266	239,079
Trade goods	21,905	16,078
Work in process	17,253	17,870
Other inventories	4,633	4,172
Allowance for impairment on inventory (-)	(3,031)	(4,038)
	<b>541,683</b>	<b>553,396</b>

Movements of allowance for impairment on inventory are as follows:

<u>Movements of allowance for impairment on inventory</u>	31 March 2020	31 March 2019
Opening balance, 1 January	(4,038)	(34)
Foreign currency translation differences	(3)	(2)
Provision reserved during the period	1,010	-
	<b>(3,031)</b>	<b>(36)</b>

### 14. Prepaid Expenses and Deferred Revenue

#### Prepaid Expenses

	31 March 2020	31 December 2019
<b>Current prepaid expenses</b>		
Advances given for inventories	72,086	22,816
Prepaid expense	12,796	6,885
	<b>84,882</b>	<b>29,701</b>
<b>Non-current prepaid expenses</b>		
Advances given for tangible and intangible assets	13,161	10,900
Prepaid expense	17,139	19,598
	<b>30,300</b>	<b>30,498</b>

Transactions of the Advances Given for tangible and intangible assets in the period follow as;

	31 March 2020	31 March 2019
Opening balance, 1 January	10,900	32,105
Foreign Currency Translation Differences	544	44
Given in Period	6,234	18,195
Closing during the period	(4,517)	(28,907)
	<b>13,161</b>	<b>21,437</b>

#### Deferred Revenues

	31 March 2020	31 December 2019
<b>Current deferred revenue</b>		
Advances received	10,303	7,658
Short term prepaid income	-	-
	<b>10,303</b>	<b>7,658</b>

There are no non-current deferred revenues (31 December 2019: None).

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 15. Assets from Customer Contracts

None (31 December 2019: None).

### 16. Joint Ventures and Associates under Equity Method

Net asset values represented in the balance sheet of the associates that are valued with equity method are as follows:

#### Joint Ventures

	31 March 2020	31 December 2019
Pacific Soda LLC.	31,519	23,332

#### Subsidiaries

	31 March 2020	31 December 2019
Solvay Şişecam Holding AG	499,865	436,762
<b>Total</b>	<b>531,384</b>	<b>460,094</b>

The group's shares in the profit losses of the investments valued by the equity method are as follows:

#### Joint Ventures

	31 March 2020	31 March 2019
Pacific Soda LLC.	(3,599)	-
	<b>(3,599)</b>	<b>-</b>

#### Subsidiaries

	31 March 2020	31 March 2019
Solvay Şişecam Holding AG	24,253	21,049
<b>Total</b>	<b>24,253</b>	<b>21,049</b>

# SODA SANAYİİ A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 16. Joint Ventures and Associates under Equity Method (continue)

Movements of the associates during the period are as below:

	31 March 2020	31 March 2019
Opening balance, 1 January	460,094	413,440
Income from associates and joint ventures	20,654	21,049
Dividend income	9,138	-
Revaluation of property, plant and equipment	424	-
Foreign currency translation differences	41,074	20,727
	<b>531,384</b>	<b>455,216</b>

Statement of financial positions of the associate that is recognized with equity method during the period are as below:

	31 March 2020	31 December 2019
<b>Pacific Soda LLC,</b>		
Current assets	23,663	9,911
Non-current assets	365,792	333,295
<b>Total assets</b>	<b>389,455</b>	<b>343,206</b>
Current liabilities	28,023	28,326
Non-current liabilities	298,394	268,215
<b>Total liabilities</b>	<b>326,417</b>	<b>296,541</b>
<b>Net assets</b>	<b>63,038</b>	<b>46,665</b>
Share of the group (%)		
- Direct and indirect ownership ratio (%)	50.00	50.00
- Effective ownership ratio (%)	50.00	50.00
<b>The Group's share in net assets</b>	<b>31,519</b>	<b>23,332</b>

	1 January- 31 March 2020	24 October- 31 December 2019
Revenue	-	-
<b>Profit from continuing operations</b>	<b>(7,197)</b>	<b>(32,010)</b>
Other comprehensive income/(loss)	5,294	763
<b>Total comprehensive income</b>	<b>(1,903)</b>	<b>(31,247)</b>
<b>The Group's share in profit/(loss) from continuing operations</b>	<b>(3,599)</b>	<b>(16,005)</b>

The group's outside shares of the joint ventures belong to Imperial Natural Resources Trona Mining Inc. company.

The Group has included its business partnership in consolidation on 24 October 2019.

The joint venture has made a capital increase of 3,000 thousand US Dollars within the period, the Group's hitting share is 1,500 thousand USD (9,138 thousand TRY), and fulfilled capital commitment on 7 February 2020

The joint venture was established with a total of 13,500 thousand USD on October 1, 2019. The Group has fulfilled a total capital commitment of 6,750 thousand USD, including 3,000 thousand USD on 1 October 2019 and 3,750 thousand USD on 6 November 2019.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 16. Joint Ventures and Associates under Equity Method (Continued)

Statement of financial positions of the associate that is recognized with equity method during the period are as below:

	31 March 2020	31 December 2019
<b>Solvay Şişecam Holding AG</b>		
Current assets	865,007	598,130
Non-current assets	1,958,689	1,534,645
<b>Total assets</b>	<b>2,823,696</b>	<b>2,132,775</b>
Current liabilities	355,927	263,535
Non-current liabilities	427,854	77,478
<b>Total liabilities</b>	<b>783,781</b>	<b>341,013</b>
<b>Non-controlling interests</b>	<b>40,454</b>	<b>44,716</b>
<b>Net assets</b>	<b>1,999,461</b>	<b>1,747,046</b>
Share of the group (%)		
- Direct and indirect ownership ratio (%)	25.00	25.00
- Effective ownership ratio (%)	25.00	25.00
The Group's share in net assets	<b>499,865</b>	<b>436,762</b>

	1 January- 31 March 2020	1 January- 31 March 2019
Revenue	339,412	345,980
Net period profit from ongoing activities	97,013	84,198
Advance dividend payments	-	-
<b>Profit from ongoing activities</b>	<b>97,013</b>	<b>84,198</b>
Other comprehensive income/(loss)	155,403	82,902
<b>Total comprehensive income</b>	<b>252,416</b>	<b>167,100</b>
<b>The Group's share in profit/(loss) from continuing operations</b>	<b>24,253</b>	<b>21,049</b>
<b>Dividends distributed from retained earnings</b>	-	-
<b>Group share of distributed dividends</b>	-	-

Solvay Şişecam Holding AG is a capital company established in Austria – Vienna with the aim of directly and indirectly owning and managing 97.94% of the shares of Solvay Sodi AD and its subsidiaries, a joint – stock company established in Bulgaria – Devnya region, established under the laws of the Republic of Bulgaria, under the laws of Bulgaria-Devnya Solvay Şişecam Holding AG.

The Group has consolidated the Associate since 23 July 1997.

### 17. Investment Properties

None (31 December 2019: None).

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 18. Property, Plant and Equipments

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
<b>Cost</b>									
Opening balance, 1 January	255,668	288,467	390,308	2,944,349	8,582	38,762	3,033	287,536	4,216,705
Currency translation differences	4,613	3,822	11,452	75,935	557	340	50	6,828	103,597
Additions(*)	-	-	-	-	-	3	-	29,361	29,364
Disposals	-	-	-	(3)	-	(12)	-	-	(15)
Transfers from construction in progress	-	-	-	7,276	-	48	-	(10,545)	(3,221)
<b>Closing balance,</b>									
<b>31 March 2020</b>	<b>260,281</b>	<b>292,289</b>	<b>401,760</b>	<b>3,027,557</b>	<b>9,139</b>	<b>39,141</b>	<b>3,083</b>	<b>313,180</b>	<b>4,346,430</b>
<b>Accumulated depreciation</b>									
Opening balance, 1 January	-	(168,378)	(24,908)	(1,734,672)	(7,558)	(29,355)	(1,801)	-	(1,966,672)
Currency translation differences	-	(1,175)	(1,709)	(52,631)	(504)	(288)	(41)	-	(56,348)
Charge for the period (**)	-	(5,590)	(3,759)	(41,575)	(144)	(455)	(121)	-	(51,644)
Disposals	-	-	-	2	-	4	-	-	6
<b>Closing balance,</b>									
<b>31 March 2020</b>	<b>-</b>	<b>(175,143)</b>	<b>(30,376)</b>	<b>(1,828,876)</b>	<b>(8,206)</b>	<b>(30,094)</b>	<b>(1,963)</b>	<b>-</b>	<b>(2,074,658)</b>
<b>Net book value as of 31 March 2020</b>	<b>260,281</b>	<b>117,146</b>	<b>371,384</b>	<b>1,198,681</b>	<b>933</b>	<b>9,047</b>	<b>1,120</b>	<b>313,180</b>	<b>2,271,772</b>
<b>Net book value as of 31 December 2019</b>	<b>255,668</b>	<b>120,089</b>	<b>365,400</b>	<b>1,209,677</b>	<b>1,024</b>	<b>9,407</b>	<b>1,232</b>	<b>287,536</b>	<b>2,250,033</b>

(\*) TRY 81 Thousand interest has been capitalized between January 1 and March 31, 2020.

(\*\*) The distribution of the period depreciation expense is given in Note 29 and Note 31.  
There is no mortgage on land and buildings due to bank loans.(1 January-31 March 2019:None)

# SODA SANAYİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 18. Property, Plant and Equipments (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Construction in Progress	Total
<b>Cost</b>									
Opening balance, 1 January	249,120	250,314	203,241	2,211,278	9,059	32,571	7,528	849,696	3,812,807
Currency translation differences	2,376	1,645	5,901	37,928	346	176	26	2,553	50,951
Additions (**)	-	-	34	-	-	6	29	104,594	104,663
Disposals	-	-	-	-	(137)	(3)	(4,650)	-	(4,790)
Transfers from construction in progress	-	9,936	130,542	497,159	-	204	-	(637,962)	(121)
<b>Closing balance,</b>									
<b>31 March 2019</b>	<b>251,496</b>	<b>261,895</b>	<b>339,718</b>	<b>2,746,365</b>	<b>9,268</b>	<b>32,954</b>	<b>2,933</b>	<b>318,881</b>	<b>3,963,510</b>
<b>Accumulated depreciation</b>									
Opening balance, 1 January	-	(146,475)	(10,149)	(1,520,803)	(7,472)	(27,862)	(5,916)	-	(1,718,677)
Currency translation differences	-	(531)	(526)	(24,172)	(286)	(148)	(19)	-	(25,682)
Charge for the period (***)	-	(5,132)	(3,257)	(38,652)	(161)	(272)	(122)	-	(47,596)
Disposals	-	-	-	-	137	-	4,638	-	4,775
<b>Closing balance,</b>									
<b>31 March 2019</b>	<b>-</b>	<b>(152,138)</b>	<b>(13,932)</b>	<b>(1,583,627)</b>	<b>(7,782)</b>	<b>(28,282)</b>	<b>(1,419)</b>	<b>-</b>	<b>(1,787,180)</b>
<b>Net book value as of 31 March 2019</b>	<b>251,496</b>	<b>109,757</b>	<b>325,786</b>	<b>1,162,738</b>	<b>1,486</b>	<b>4,672</b>	<b>1,514</b>	<b>318,881</b>	<b>2,176,330</b>
<b>Net book value as of 31 December 2018</b>	<b>249,120</b>	<b>103,839</b>	<b>193,092</b>	<b>690,475</b>	<b>1,587</b>	<b>4,709</b>	<b>1,612</b>	<b>849,696</b>	<b>2,094,130</b>

(\*) In the period between 1 January and 31 March 2019, there is capitalized finance expense of TRY 10,555 thousand.

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

There are no mortgages on land and buildings due to bank credits. (1 January-31 March 2018:None)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 19. Right to Use Assets

Cost	Land	Machinery and Equipment	Vehicles	Total
Opening balance, 1 January	32,872	1,738	2,407	37,017
Revaluation	4,710	-	-	4,710
<b>Closing Balance, 31 March 2020</b>	<b>37,582</b>	<b>1,738</b>	<b>2,407</b>	<b>41,727</b>
<b>Accumulated amortization</b>				
Opening balance, 1 January	(6,325)	(230)	(1,620)	(8,175)
Charge for the Period (*)	(811)	(164)	(205)	(1,180)
<b>Closing Balance, 31 March 2020</b>	<b>(7,136)</b>	<b>(394)</b>	<b>(1,825)</b>	<b>(9,355)</b>
<b>Net book value as of 31 March 2020</b>	<b>30,446</b>	<b>1,344</b>	<b>582</b>	<b>32,372</b>
<b>Net book value as of 31 December 2019</b>	<b>26,547</b>	<b>1,508</b>	<b>787</b>	<b>28,842</b>

Cost	Land	Machinery and Equipment	Vehicles	Total
Opening balance, 1 January	-	-	-	-
Changes in accounting policy (Note 2.3)	31,455	-	1,766	33,221
Revaluation	-	14	-	14
Additions	-	305	489	794
<b>Closing Balance, 31 March 2019</b>	<b>31,455</b>	<b>319</b>	<b>2,255</b>	<b>34,029</b>
<b>Accumulated amortization</b>				
Opening balance, 1 January	-	-	-	-
Changes in accounting policy (Note 2.3)	(3,416)	-	(941)	(4,357)
Charge for the Period (*)	(724)	(17)	(168)	(909)
<b>Closing Balance, 31 March 2019</b>	<b>(4,140)</b>	<b>(17)</b>	<b>(1,109)</b>	<b>(5,266)</b>
<b>Net book value as of 31 March 2019</b>	<b>27,315</b>	<b>302</b>	<b>1,146</b>	<b>28,763</b>
<b>Net book value as of 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 20. Intangible Assets

Cost	Rights	Mining Sites	Development Expenses	Other	Total
Opening balance, 1 January	13,888	132,269	-	1,666	147,823
Currency translation differences	258	-	-	137	395
Transfers from construction in progress	-	3,221	-	-	3,221
<b>Closing balance, 31 March 2020</b>	<b>14,146</b>	<b>135,490</b>	<b>-</b>	<b>1,803</b>	<b>151,439</b>

#### Accumulated amortization

Opening balance, 1 January	(12,131)	(9,272)	-	(1,084)	(22,487)
Currency translation differences	(258)	-	-	(90)	(348)
Charge for the period (*)	(79)	(1,158)	-	(29)	(1,266)
<b>Closing balance, 31 March 2020</b>	<b>(12,468)</b>	<b>(10,430)</b>	<b>-</b>	<b>(1,203)</b>	<b>(24,101)</b>
<b>Net book value as of 31 March 2020</b>	<b>1,678</b>	<b>125,060</b>	<b>-</b>	<b>600</b>	<b>127,338</b>
<b>Net book value as of 31 December 2019</b>	<b>1,757</b>	<b>122,997</b>	<b>-</b>	<b>582</b>	<b>125,335</b>

Cost	Rights	Mining Sites	Development Expenses	Other	Total
Opening balance, 1 January	12,195	132,269	1,808	987	147,259
Currency translation differences	133	-	87	46	266
Transfers from construction in progress	121	-	-	-	121
<b>Closing balance, 31 March 2019</b>	<b>12,449</b>	<b>132,269</b>	<b>1,895</b>	<b>1,033</b>	<b>147,646</b>

#### Accumulated amortization

Opening balance, 1 January	(11,619)	(5,625)	(1,808)	(987)	(20,039)
Currency translation differences	(132)	-	(87)	(46)	(265)
Charge for the period (*)	(32)	(890)	-	-	(922)
<b>Closing balance, 31 March 2019</b>	<b>(11,783)</b>	<b>(6,515)</b>	<b>(1,895)</b>	<b>(1,033)</b>	<b>(21,226)</b>
<b>Net book value as of 31 March 2019</b>	<b>666</b>	<b>125,754</b>	<b>-</b>	<b>-</b>	<b>126,420</b>
<b>Net book value as of 31 December 2018</b>	<b>576</b>	<b>126,644</b>	<b>-</b>	<b>-</b>	<b>127,220</b>

(\*) Allocation of amortization expenses is disclosed in Note 29 and Note 31.

### 21. Goodwill

Movements of the goodwill during the period are as below:

	31 March 2020	31 March 2019
Opening balance, 1 January	26,530	25,063
Currency translation differences	1,330	686
	<b>27,860</b>	<b>25,749</b>

The details of goodwill amount based on subsidiaries are as below:

	31 March 2020	31 December 2019
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	10,862	10,862
Cromital S.p.A.	16,998	15,668
	<b>27,860</b>	<b>26,530</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 22. Government Grants and Incentives

Certain expenses regarding industries relating to research and development projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and provided that repayments is done " capital support" is given. The context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

Exporting activities and other foreign currency generating 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
Provision for cost expenses	40,279	14,539
Provision for employee benefits (Note 25)	3,872	564
Provision for litigation	6,391	6,571
Provision for other expenses	2,008	1,655
	<b>52,550</b>	<b>23,329</b>

As of 31 March 2020, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 6,391 thousand (31 December 2019: TRY 6,571 thousand) and provided for this amount.

Contingent liabilities as of 31 March 2020 and 31 December 2019 are as follows:

Collaterals, pledge and mortgages given by the Company	31 March 2020			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	147,009	1,260	275	136,815
B. Given In Favour of Fully Consolidated Subsidiaries	1,008,376	-	9,703	938,366
C. Continuation of Trading Operations				
Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	None	None	None	None
i. Given in Favour of Main Shareholder (*)	None	None	None	None
ii. Given in Favour of Other Related Parties				
Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	<b>1,155,385</b>	<b>1,260</b>	<b>9,978</b>	<b>1,075,181</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 23. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals, pledge and mortgages given by the Company	31 December 2019			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	145,411	1,260	275	136,098
B. Given In Favour of Fully Consolidated Subsidiaries	575,877	-	9,703	511,344
C. Continuation of Trading Operations				
Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	None	None	None	None
i. Given in Favour of Main Shareholder (*)	None	None	None	None
ii. Given in Favour of Other Related Parties				
Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	<b>721,288</b>	<b>1,260</b>	<b>9,978</b>	<b>647,442</b>

As of 31 March 2020, There are no other CPMs issued by the Group (31 December 2019: None).

(\*) The financial needs of the Group are met by the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş. and these funds are proceed to subsidiaries with same conditions. In this context, the amount of the principal, interest and similar payments, as well as the amount of funds provided by Şişecam through the transfer to the Group, is included in the note 8 of the financial liabilities.

### 24. Commitments

The Group has a commitment to purchase 289,500,000 sm<sup>3</sup> natural gas due to the contracts signed between Shell Turcas Petrol A.Ş. (SHELL) in between 1 April 2020-31 December 2020 (1 January-31 December 2020: 386,000,000 sm<sup>3</sup>)

### 25. Employee Benefits

#### Short-term employee benefits

	31 March 2020	31 December 2019
Payables to personnel	8,083	6,841

#### Short-term provisions for employee benefits

	31 March 2020	31 December 2019
Unused vacation provision for the period	3,872	564

#### Long term provisions for employee benefits

	2020	2019
Domestic	37,646	37,601
Foreign	6,612	5,897
	<b>44,258</b>	<b>43,498</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 25. Employee Benefits (Continued)

#### Employment Termination Benefits

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: 2422 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 May 23, 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). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 6,730.15 as of 1 January 2020. (31 December 2019: TRY 6,730.15 effective from 1 January 2020). Liability of employment termination benefits is not subject to any funding as there isn't 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. Actuarial loss/(gain) is accounted in the income statement under the cost of sales and operating expenses.

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% (31 December 2019: 6%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 March 2020 the possibility of employment to retirement of employees is 99.65% (31 December 2019: 99.48%).

The movement of the employment termination benefits is as follows:

	31 March 2020	31 March 2019
Opening balance, 1 January	43,498	37,775
Currency translation differences	515	257
Service costs	61	2,114
Interest costs	1,377	1,220
Paid during period	(1,193)	(1,659)
	<b>44,258</b>	<b>39,707</b>

### 26. Impairment of Assets

Impairment of assets	31 March 2020	31 December 2019
Impairment of cash and cash equivalents (Note 6)	3,626	2,934
Impairment of financial investments (Note 7)	13,347	16,773
Allowances for doubtful trade receivables (Note 10)	2,556	3,281
Allowance for other receivables (Note 11)	34	34
Allowance for impairment of inventories (Note 13)	3,031	4,038
	<b>22,594</b>	<b>27,060</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 27. Other Assets and Liabilities

<b>Other current assets</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Deductible VAT	23,826	22,182
Deferred VAT	41,338	55,560
Recoverable VAT on exports	59,599	82,482
Other	646	885
	<b>125,409</b>	<b>161,109</b>

<b>Other non-current assets</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Spare parts to be used in the following years	3,053	2,887
Price of business development (*)	439,598	439,598
Other non-current assets	72	66
	<b>442,723</b>	<b>442,551</b>

(\*) Our Company and Imperial Natural Resources Trona Mining Inc., one of the Ciner Group Companies, has signed an agreement on a production partnership with an equal shareholder structure in order to invest 2.5 million tons of soda and 200 thousand tons of sodium bicarbonate annually with a total capacity of 2.7 million tons by solution mining method in Green River region of Wyoming, USA. and this expresses the cost of business development in this context.

<b>Other current liabilities</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Taxes and dues payable	83,757	8,011
Social security premiums payable	5,983	6,042
Expense accruals	501	462
Other	1,508	1,138
	<b>91,749</b>	<b>15,653</b>

There are no non-current liabilities (31 December 2019: None)

### 28. Equity, Reserves and Other Equity Components

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", which is accounted as legal reserves in accordance with related article of the Turkish Commercial Code ("TCC") are presented with their statutory figures in books of account. In this respect, differences (such as; differences due to application of inflation accounting) resulted from the application of re-evaluations or re-measurements in accordance with Turkish Accounting Standards which are not subject to profit distribution or capital increase as of the date of this report, are presented in the "inflation adjustment to share capital" financial statement line if they are related with paid in capital or in the "retained earnings" financial statement line if they are related with restricted reserves or premium in excess of par.

#### a) Paid Capital/Capital Adjustment Differences

The approved and paid-in share capital of the Company consists of 100,000,000,000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY). There are no privileges granted to the share groups and there are no restrictions.

	<b>31 March 2020</b>	<b>31 December 2019</b>
Registered Capital upper limit	2,500,000	2,500,000
Paid-in-capital	1,000,000	1,000,000

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 28. Equity, Reserves and Other Equity Components (Continued)

#### a) Paid Capital/Capital Adjustment Differences (Continued)

Shareholder	31 March 2020		31 December 2019	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	625,421	62.54	620,217	62.02
Other (*)	374,579	37.46	379,783	37.98
<b>Nominal Capital</b>	<b>1,000,000</b>	<b>100.00</b>	<b>1,000,000</b>	<b>100.00</b>

(\*) Other includes the publicly traded portion of Soda Sanayi A.Ş shares.

#### b) Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss

	31 March 2020	31 December 2019
Gains/(loss) from revaluation of tangible assets	184,692	183,809
- Revaluation increase fund of lands and buildings	184,692	183,809
Actuarial gain/loss fund for employee termination provision	471	471
	<b>185,163</b>	<b>184,280</b>

#### Revaluation funds of land and buildings on revaluation

As of 31 December 2018, The Group revaluated the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax and non-controlling interest.

The movement of the revaluation funds of land and buildings is as follows:

	31 March 2020	31 March 2019
Opening- 1 January	183,809	182,785
Effects of non-controlling shares	-	(1)
Currency translation differences	510	262
Deferred tax effect	(51)	(26)
Effects of investments in associates and joint ventures	424	218
	<b>184,692</b>	<b>183,238</b>

#### Provision for employee termination benefits actuarial gain/loss reserve fund

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 income statement.

The gains and losses arising from the change in the actuarial assumptions are accounted for under equity as actuarial gain/loss for employee termination provision.

The movement of provision for employee termination benefits actuarial gain/loss fund is as below:

	31 March 2020	31 March 2019
Opening- 1 January	471	(698)
	<b>471</b>	<b>(698)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 28. Equity, Reserves and Other Equity Components (Continued)

#### c) Other Comprehensive Income or Expenses to be reclassified to profit or loss

	31 March 2020	31 December 2019
Currency translation differences	867,713	760,078
Hedging gain/(loss)	17,513	6,654
	<b>885,225</b>	<b>766,732</b>

#### *Currency translation differences*

It arises from exchange differences arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY and accounted for under equity.

#### *Hedging gains (losses)*

It consists of the effective portion of the cumulative change in net fair value of cash flow hedging instruments related to the hedged transaction.

#### d) Restricted Reserves

Restricted reserves attributable to equity holder of the parent company	31 March 2020	31 December 2019
Primary legal reserves	249,000	229,500
	<b>249,000</b>	<b>229,500</b>

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.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

"Legal Reserves", 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 TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous period's profits/losses.

#### e) Retained Earnings

The Group's extraordinary reserves presented in the consolidated retained earning amounting to TRY 3,296,852 thousand (31 December 2019: TRY 2,452,418 thousand) is TRY 2,462,600 thousand (31 December 2019: TRY 2,050,784 thousand).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 28. Equity, Reserves and Other Equity Components (Continued)

#### e) Retained Earnings (Continued)

##### Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim 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 No: 14.1 that sufficient reserves exists in the consolidated statutory books.

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

##### 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.

	31 March 2020	31 December 2019
Net profit for the period	374,521	673,720
Legal reserves	-	-
<b>Net distributable profit for the period</b>	<b>374,521</b>	<b>673,720</b>
Extraordinary reserve	2,462,600	2,050,784
	<b>2,837,121</b>	<b>2,724,504</b>

It has been decided in Ordinary General Assembly Meeting held on 27 March 2020, was resolved that the gross dividend amounts of 245,000 thousand Turkish lira, which correspond to 24,5% will be distributed in cash and that the cash dividend payment date will be set as 29 May 2020.

#### f) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components.

Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit/(loss) section of the consolidated statement of income.

#### **The transactions that were held with purpose of re-structuring of the Group companies between 1 January and 31 March 2020 are as follows:**

There has been no transaction in the period.

#### **The transactions that were held with purpose of re-structuring of the Group companies between 1 January and 31 December 2019 are as follows:**

The company has purchased shares of Sisecam Chem Invest B.V. which is owned by T. Şişe ve Cam Fabrikaları A.Ş. with a nominal value of 967 thousand Euro on 28 June 2019, with a amount of 1,005 thousand Euro in cash.

Sisecam Chem Investment BV, the subsidiary of the Company, has been authorized by T. Şişe ve Cam Fabrikaları A.Ş. Cromital S.p.a shares with a nominal value of 6 thousand Euro were purchased on 28 June 2019 for a cash consideration of 35 thousand Euro.

The aforementioned significant transactions affect the effective capital structure of the Company's subsidiaries and affiliates, and the effect on equity is as follows;

	31 March 2020	31 December 2019
Equity of parent company	-	(803)
Non- controlling shares	-	(6,013)
	-	<b>(6,816)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 28. Equity, Reserves and Other Equity Components (Continued)

#### g) Sale of Subsidiaries

There has been no sale of subsidiaries in the period between 1 January - 31 March 2020 (31 December 2019: None).

#### h) Inclusion of unconsolidated subsidiary into consolidation

The Group has 100% shares of Şişecam Trading Co. Ltd., which is reported under "Unconsolidated subsidiaries" account in the "Financial Investments" category in the "Non-current Assets" group in the financial statements due to the fact that the impact on financial statement was immaterial. It has been accounted with cost value in consolidated financial statement until 1 January 2018.

The Management of the Company has been decided to be account these subsidiaries by using the full consolidation method starting from 1 January 2018.

### 29. Sales and Cost of Sales

Sales	1 January- 31 March 2020	1 January- 31 March 2019
Sales	1,103,741	895,880
Electricity sales (*)	68,806	59,188
Other income	9,718	137
Sales return	(866)	(2,867)
Sales discount	(5,339)	(4,344)
	<b>1,176,060</b>	<b>947,994</b>

(\*) 225,497,266.71 kWh electricity has sold between 1 January - 31 March 2020 (1 January - 31 March 2019: 231,060,879 kWh).

Cost of sales	1 January- 31 March 2020	1 January- 31 March 2019
Direct materials	(348,472)	(318,621)
Direct labor	(26,143)	(21,336)
Production overheads	(216,555)	(199,128)
Depreciation	(51,139)	(46,724)
Change in work in process	(617)	(1,890)
Change in finished goods	(3,813)	34,012
<b>Cost of goods sold</b>	<b>(646,739)</b>	<b>(553,687)</b>
Cost of merchandise sold	(104,828)	(96,032)
	<b>(751,567)</b>	<b>(649,719)</b>

### 30. General Administrative Expenses, Marketing, Research and Development Expenses

	1 January- 31 March 2020	1 January- 31 March 2019
General administrative expenses	(38,644)	(31,551)
Marketing expenses	(128,900)	(114,948)
Research and development expenses	(1,678)	(1,221)
	<b>(169,222)</b>	<b>(147,720)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 31. Operating Expenses by Nature

	1 January- 31 March 2020	1 January- 31 March 2019
Direct materials	(2,080)	(1,814)
Personnel expenses	(24,342)	(21,017)
Services rendered by third parties (*)	(100,540)	(81,072)
Miscellaneous expenses (**)	(37,882)	(40,275)
Taxes and funds	(1,427)	(839)
Depreciation and amortisation	(2,951)	(2,703)
	<b>(169,222)</b>	<b>(147,720)</b>

(\*)Employee rental,sales shipping, product dispatch, royalty, central service, maintenance and repair etc.consists of expenses.

(\*\*)Insurance, runner, commission, loading and unloading etc. consists of expenses.

### 32. Other Operating Income/(Expenses)

Other Operating Income	1 January- 31 March 2020	1 January- 31 March 2019
Foreign exchange gains from other operating activities	75,649	47,999
Interest income from operating activities	4	221
Rediscount on interest gain	103	192
Unrecognized provisions	966	3,119
Service income	4,901	2,267
Rental income	68	57
Gain on sales of scrap items	390	613
Gain on sales of raw materials	4,933	3,414
Insurance claims	174	55
Other	3,094	4,126
	<b>90,282</b>	<b>62,063</b>

Other Operating Expenses	1 January- 31 March 2020	1 January- 31 March 2019
Foreign exchange loss from other operating activities	(33,523)	(24,388)
Interest loss from other operations	(165)	(243)
Rediscount on interest loss	(345)	(2,266)
Commission expenses	(151)	(91)
Loss from sales of raw materials	(4,967)	(3,238)
Previous periods expenses and losses	(1,439)	-
Lawsuit loss	(103)	(968)
Provision expenses	(142)	(1,312)
Chargeout	(724)	-
Other	(2,641)	(4,864)
	<b>(44,200)</b>	<b>(37,370)</b>

Other Operating Income/(Expenses) Net	1 January- 31 March 2020	1 January- 31 March 2019
Foreign exchange gains from other operating activities	42,126	23,611
Interest income from operating activities	(161)	(22)
Rediscount on interest gain	(242)	(2,074)
Commision income(expense)	(151)	(91)
Provision incomes	824	1,807
Gain on sales of scrap items	390	613
Gain on sales of raw materials	(34)	176
Service income(expense)	4,901	2,267
Previous period income(expense)	(1,439)	-
Rent income(expense)	68	57
Other incomes/(expenses)	(200)	(1,651)
	<b>46,082</b>	<b>24,693</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 33. Income and Expense from Investing Activities

<b>Income from Investing Activities</b>	<b>1 January-31 March 2020</b>	<b>1 January-31 March 2019</b>
Revaluation differences of financial assets (*)	98,179	64,976
Gain on sale of property,plant and equipment	4	-
	<b>98,183</b>	<b>64,976</b>
<b>Expenses from Investing Activities</b>	<b>1 January-31 March 2020</b>	<b>1 January-31 March 2019</b>
Revaluation differences of financial assets (*)	(6,613)	-
Loss from sale of property,plant and equipment	(3)	-
	<b>(6,616)</b>	<b>-</b>
<b>Income/(Expenses) from Investing Activities, Net</b>	<b>1 January-31 March 2020</b>	<b>1 January-31 March 2019</b>
Revaluation differences of financial assets	91,566	64,976
Gain or Loss from sale of property,plant and equipment	1	-
	<b>91,567</b>	<b>64,976</b>

(\*) Interest income on securities,off setted with financial asset valuation difference.

<b>Impairment gains/(losses) in accordance with TFRS 9</b>	<b>1 January-31 March 2020</b>	<b>1 January-31 March 2019</b>
Financial Investments impairment	3,426	949
Cash and cash equivalents impairment	(692)	(1,346)
	<b>2,734</b>	<b>(397)</b>

Interest income is collected from the securities detailed as below by fixed income financial assets measured at amortized cost within period.

<b>Marketable security issuer</b>	<b>1 January-31 March 2020</b>	<b>1 January-31 March 2019</b>
Yapı ve Kredi Bankası A.Ş.	3,130	2,721
Türkiye Garanti Bankası A.Ş.	798	694
Türkiye Halk Bankası A.Ş.	793	713
Türk Eximbank	339	294
	<b>5,060</b>	<b>4,422</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 33. Income and Expense from Investing Activities (Continued)

Valuation of financial asset profits/losses that measured at amortized cost presented below as of securities:

<b>Marketable security issuer</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Türkiye Vakıflar Bankası T.A.O.	19,852	13,240
Türkiye İş Bankası A.Ş.	19,761	13,157
Yapı ve Kredi Bankası A.Ş.	13,857	11,550
Türkiye Sınai Kalkınma Bankası A.Ş.	10,922	8,434
Ziraat Bankası A.Ş.	6,556	4,358
Türk Eximbank	5,830	3,878
Turkcell İletişim Hizmetleri A.Ş.	4,655	3,111
Türkiye Garanti Bankası A.Ş.	3,219	2,141
Türkiye Halk Bankası A.Ş.	2,988	2,505
Arçelik A.Ş.	2,967	1,971
Anadolu Efes Biracılık ve Malt San. A.Ş.	696	456
Finansbank A.Ş.	264	175
	<b>91,567</b>	<b>64,976</b>

### 34. Financial Income and Expenses

<b>Financial Income</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Foreign Exchange Income	247,220	109,290
-Cash and cash equivalents	242,799	107,870
-Derivative Instruments	4,392	-
-Other	29	1,420
Interest Income	8,679	15,476
-Time deposits	7,555	7,231
-Derivative Instruments	1,124	-
-Other	-	8,245
	<b>255,899</b>	<b>124,766</b>

<b>Financial Expenses</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Foreign Exchange Expense	(66,023)	(48,919)
-Cash and cash equivalents	(21,786)	(22,502)
-Bank loans	-	(216)
-Bond issued	(44,140)	(26,086)
-Operating lease	(5)	-
-Other	(92)	(115)
Interest Income	(54,723)	(23,704)
-Bank loans	(37,138)	(1,170)
-Bond issued	(7,585)	(3,852)
-Operating lease interest	(1,787)	(1,592)
-Derivative Instruments	(104)	-
-Other	(8,109)	(17,090)
	<b>(120,746)</b>	<b>(72,623)</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 34. Financial Income and Expenses (Continued)

<b>Financial Income/Expenses (Net)</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Foreign Exchange Income/(Expense)	181,197	60,371
-Cash and cash equivalents	221,013	85,368
-Bank loans	-	(216)
-Bond issued	(44,140)	(26,086)
-Derivative Instruments	4,392	-
-Operating lease	(5)	-
-Other	(63)	1,305
Interest Income/(Expense)	(46,044)	(8,228)
-Bank deposits and loans	(29,583)	6,061
-Bond issued	(7,585)	(3,852)
-Operating lease interest	(1,787)	(1,592)
- Derivative Instruments	1,020	-
-Other	(8,109)	(8,845)
	<b>135,153</b>	<b>52,143</b>

### 35. Assets Held for Sale

None (31 December 2019: None).

### 36. Taxation 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 CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB 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 not offset.

	<b>31 March 2020</b>	<b>31 December 2019</b>
Deferred tax assets	481,639	474,808
Deferred tax liabilities (-)	(59,775)	(7,890)
<b>Deferred tax assets/liabilities (net)</b>	<b>421,864</b>	<b>466,918</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 36. Taxation on Income (Including Deferred Tax Assets and Liabilities) (Continued)

#### Deferred Tax Assets and Liabilities (Continued)

Temporary differences constitute a basis for Deferred Tax	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	299,860	301,818
Provision for employment termination benefits	(40,835)	(40,080)
Revaluation of inventories	(58,367)	(66,034)
Deferred revenue	(18,619)	(12,928)
Previous year losses to be deducted from tax	(132,255)	(94,834)
Derivative instruments valuation	21,466	-
Reduced corporate tax	(1,997,171)	(2,162,119)
Other	11,943	(44,873)
	<b>(1,913,978)</b>	<b>(2,119,050)</b>

Deferred tax (assets)/liabilities	31 March 2020	31 December 2019
Useful life and valuation differences on tangible and intangible assets	(65,188)	(66,080)
Provision for employment termination benefits	8,989	8,821
Revaluation of inventories	12,841	14,527
Deferred revenue	4,096	2,844
Derivative instruments valuation	(4,722)	-
Previous year losses to be deducted from tax	29,096	20,864
Reduced corporate tax	439,377	475,666
Other	(2,625)	10,876
	<b>421,864</b>	<b>466,918</b>

Carry forward tax losses can be utilized against corporate income taxes for a period of maximum 5 years in Turkey. However, the losses incurred cannot be deducted from prior years profits.

Total loss of which deferred tax assets have not been calculated is TRY 665 thousand (31 December 2019: TRY 573 thousand).

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

	31 March 2020	31 March 2019
Opening balance, 1 January	466,918	304,454
Currency translation differences	4	3
Adjustment to changes in accounting policies (Note 2)	-	609
Charged to the equity	(3,114)	(26)
Charged to statement of income	(41,944)	41,296
	<b>421,864</b>	<b>346,336</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) are deducted.

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

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 36. Taxation on Income (Including Deferred Tax Assets and Liabilities) (Continued)

#### Deferred Tax Assets and Liabilities (Continued)

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

Country	31 March 2020	31 December 2019
Bosnia and Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Italy	27.9	27.9
Holland(*)	16.5-25.0	19.0-25.0
China(**)	15.0-25.0	15.0-25.0

(\*) 16.5% of tax rate for the profit up to EUR 200 thousand and 25% of tax rate for the exceeding portion are applied in Holland.

(\*\*) 15% of tax rate for the profit up to Chinese Yuan 300 thousands and 25% of tax rate for the exceeding portion are applied in China.

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

In accordance with the regulation numbered 7061, published in Official Gazette on November 28, 2017, 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%, 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%.

There is no definite and specific procedure for evaluation of tax in Turkey. The companies are obligated to state the current period's tax declaration until between 1 - 25 April of following year. Tax authority has right to audit and change the stated tax declaration and accounting records from which the tax declaration is originated in 5 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.

#### Reduced Corporate Tax Allowance

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.

Provision for taxes as of 31 March 2020 and 31 December 2019 are as:

	31 March 2020	31 December 2019
<i>Current period tax liability:</i>		
Current corporate tax liability	106,706	132,145
Prepaid taxes and funds	(47,475)	(78,797)
<b>Tax provision in the balance sheet</b>	<b>59,231</b>	<b>53,348</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 36. Taxation on Income (Including Deferred Tax Assets and Liabilities) (Continued)

	1 January- 31 March 2020	1 January- 31 March 2019
Current corporate tax liability	(106,706)	(69,321)
Foreign exchange differences	313	70
Deferred tax expense/income	(41,944)	41,296
<b>Tax provision in the statement of income</b>	<b>(148,337)</b>	<b>(27,955)</b>

	1 January- 31 March 2020	1 January- 31 March 2019
<b>Reconciliation of provision for tax</b>		
Profit before taxation and minority interest	551,461	313,019
Effective tax rate	%22	%22
<b>Calculated tax</b>	<b>(121,321)</b>	<b>(68,864)</b>

<b>Confirmation of allocated and payable tax</b>		
- Non-deductible expenses	(1,066)	(2,466)
- Dividends and other non-taxable income	5,851	307
- Effects of foreign subsidiaries subject to different tax rates	4,890	1,410
- Reduced corporate tax	(36,289)	44,956
- Other	(402)	(3,298)
<b>Tax provision in the statement of income/(expenses)</b>	<b>(148,337)</b>	<b>(27,955)</b>

	31 March 2020	31 December 2019
<b>Current tax assets</b>		
Prepaid taxes and funds	1,403	1,495

### 37. Earnings per Share

	1 January- 31 March 2020	1 January- 31 March 2019
<b>Earnings per share</b>		
Average number of shares in circulation during the period (full value)	1,000,000	1,000,000
Net profit for the period attributable to shareholders of parent company	403,124	284,881
<b>Earning per share</b>	<b>0.403</b>	<b>0.285</b>
Total comprehensive income attributable to shareholders of the parent company	522,500	336,698
<b>Earnings per share from total comprehensive income</b>	<b>0.523</b>	<b>0.337</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions

The main parent and ultimate parent of the Company respectively; Türkiye Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş.

As of 31 March 2020, details of balances and transactions between the Group and other related parties are disclosed below:

#### Main Parent

Title	Country of Registration
Türkiye Şişe ve Cam Fabrikaları A.Ş.	Turkey

#### Subsidiaries, joint ventures and associates of our parent company

Title	Country of Registration
Anadolu Anonim Türk Sigorta A.Ş.	Turkey
Anadolu Hayat Emeklilik Sigorta A.Ş.	Turkey
Anadolu Cam Sanayii A.Ş.	Turkey
Bayek Tedavi Sağlık Hizmetleri Ve İşletmeciliği A.Ş.	Turkey
Camiş Yatırım Holding A.Ş.	Turkey
Camiş Ambalaj Sanayii A.Ş.	Turkey
Camiş Madencilik A.Ş.	Turkey
Camiş Egypt Mining Ltd. Co.	Egypt
Camiş Elektrik Üretim A.Ş.	Turkey
Cam Elyaf Sanayii A.Ş.	Turkey
CJSC Brewery Pivdenna	Ukraine
Çayırova Cam Sanayii A.Ş.	Turkey
Denizli Cam Sanayii ve Tic. A.Ş.	Turkey
Efes Yatırım Holding A.Ş.	Turkey
Glass Corp S.A.	Romania
İş Factoring Finansman Hizmetleri A.Ş.	Turkey
İş Finansal Kiralama A.Ş.	Turkey
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey
İş Koray Tur.Orm.Mad.İnş.Tah.Tic.A.Ş.	Turkey
İş Merkezleri Yönetim Ve İşletim A.Ş.	Turkey
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret Ve İletişim Hizmetleri A.Ş.	Turkey
İş Portföy Yönetimi A.Ş.	Turkey
İş Yatırım Menkul Değerler A.Ş.	Turkey
İş Yatırım Ortaklığı A.Ş.	Turkey
İstanbul Investment B.V.	Holland
İşbank AG	Turkey
JSC Mina	Georgia
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	Turkey
Kültür Yayınları İş-Türk Ltd. Şti.	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Turkey
Merefa Glass Company Ltd.	Ukraine
Milli Reasürans T.A.Ş.	Turkey

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

#### Subsidiaries, joint ventures and associates of our parent company (Continued)

Title	Country of Registration
Mipaş Mümessillik İth. İhr. Ve Paz. A.Ş.	Turkey
Nude Design Investment B.V.	Holland
Nude Glass Investment B.V.	Holland
OOO Ruscam Glass Packaging Holding	Russia
OOO Ruscam Management Company	Russia
OOO Posuda	Russia
OOO Energosystems	Russia
Automotive Glass Alliance Rus Trading OOO	Russia
Automotive Glass Alliance Rus AO	Russia
Paşabahçe Bulgaria EAD	Bulgaria
Paşabahçe Egypt Glass Manufacturing S.A.E.	Egypt
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Turkey
Paşabahçe Investment B.V.	Holland
Paşabahçe Mağazaları A.Ş.	Turkey
Paşabahçe (Shangai) Trading Co. Ltd.	China
Paşabahçe USA Inc.	US
Paşabahçe Glass GmbH	Germany
Paşabahçe SRL	Italy
Paşabahçe Spain SL	Spain
Richard Fritz Holding GmbH	Germany
Richard Fritz Spol S.R.O.	Slovakia
Richard Fritz Prototype + Spare Parts GmbH	Germany
Richard Fritz Kft.	Hungary
SC Glass Trading B.V.	Holland
Şişecam Chemicals USA Plc.	USA
Şişecam Dış Ticaret A.Ş.	Turkey
Şişecam Flat Glass Holding B.V.	Holland
Şişecam Enerji A.Ş.	Turkey
Şişecam Otomotiv A.Ş.	Turkey
Şişecam Automotive Bulgaria EAD	Bulgaria
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Turkey
Şişecam Flat Glass İtaly S.R.L	Italy
Şişecam Çevre Sistemleri A.Ş.	Turkey
Şişecam Flat Glass South Italy S.R.L	Italy
Topkapı Yatırım Holding A.Ş.	Turkey
Trakya Glass Rus AO	Russia
Trakya Yatırım Holding A.Ş.	Turkey
Trakya Investment B.V.	Holland
Trakya Glass Bulgaria EAD	Bulgaria
Trakya Cam Sanayii A.Ş.	Turkey
Trakya Glass Rus Trading OOO	Russia
TRSG Glass Holding B.V.	Holland
TSKB Gayrimenkul Değerleme A.Ş.	Turkey
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	Turkey
Türkiye Sınai Kalkınma Bankası A.Ş.	Turkey
Yatırım Finansman Menkul Değerler A.Ş.	Turkey

#### Joint Ventures

Title	Country of Registration
Rudnik Krechnjaka Vijenac D.O.O.	Bosnia Herzegovina
Pacific Soda LLC.	USA

#### Parents of Joint Ventures

Title	Country of Registration
Fabrika Cementa Lukavac D.D.(FCL)	Bosnia Herzegovina
Imperial Natural Resources Trona Mining Inc.	USA

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

#### Subsidiaries, joint ventures and associates of our parent company (Continued)

##### Associates

Title	Country of Registration
Saint Gobain Glass Egypt S.A.E.	Egypt
Solvay Şişecam Holding Ag	Austria

##### Parents of Associates

Title	Country of Registration
Saint Gobain Glass France S.A.	France
Société Financière D'Administration Et De Gestion SAS (SOFIAG)	Belgium

Details of balances and transactions between the Group and other related parties are disclosed below.

Deposits at related parties	31 March 2020	31 December 2019
T.İş Bankası A.Ş.		
- Demand deposit	26,619	13,564
- Time deposit	2,678,090	2,228,710
	<b>2,704,709</b>	<b>2,242,274</b>
İşbank AG		
- Demand deposit	68	67
- Time deposit	-	-
	<b>68</b>	<b>67</b>

Provision for impairment of deposits at related parties	31 March 2020	31 December 2019
T.İş Bankası A.Ş.	3,606	2,915
	<b>3,606</b>	<b>2,915</b>

Loans received from related parties	31 March 2020	31 December 2019
T.İş Bankası A.Ş.	985,000	1,141,643
T. Sınai Kalkınma Bankası A.Ş.	-	-
T. Şişe ve Cam Fabr. A.Ş. per financial borrowing (*)	500,324	458,548
	<b>1,485,324</b>	<b>1,600,191</b>

(\*) On 9 May 2013 T.Şişe ve Cam Fabrikaları A.Ş., issued USD 500 million notes with seven year maturity due May 2020. The interest rate for the aforementioned bonds is determined as 4.25% and the interest rate is payable every six months. After the issuance of bonds, USD 50 million was transferred to Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount. On March 29, 2019, The Group has made a payment before maturity and the remaining share of the Group is USD 29,992,000.

T.Şişe ve Cam Fabrikaları A.Ş. issued bonds totaling USD 700 million, with a nominal amount of USD 550 million on March 14, 2019 and a nominal amount of USD 150 million on March 28, 2019.

The repayment date of the aforementioned bonds is March 14, 2026 and the principal payment will be made on the last maturity date. The coupon interest rate is determined as %6.95 and the interest rate is payable in every six months. Following the issuance of these bonds, the fund amounting to USD 46,666,667 has been transferred to the group and the Group has made a guarantee for principal, interest, and similar payments as much as the amount of funds provided to the Group.

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

Financial investments measured at amortized costs-Gross value	31 March 2020	31 December 2019
T.İş Bankası A.Ş.	195,519	175,758
T.Sinai Kalkınma Bankası A.Ş.	108,782	97,860
	<b>304,301</b>	<b>273,618</b>

Impairment of financial investments measured at amortized cost	31 March 2020	31 December 2019
T.İş Bankası A.Ş.	3,372	3,456
T.Sinai Kalkınma Bankası A.Ş.	872	1,026
	<b>4,244</b>	<b>4,482</b>

Nominal value and coupon interest rate detail of financial assets held to maturity is as follow:

Marketable security issuer	ISIN Code	Coupon Interest Rate (%)	Nominal Amount (USD)	Nominal Amount (USD)
T.İş Bankası A.Ş.	XS1390320981	5.375	4,696	4,696
T.İş Bankası A.Ş.	XS1079527211	5.000	8,990	8,990
T.İş Bankası A.Ş.	XS1578203462	6.125	210	210
T.İş Bankası A.Ş.	XS1508390090	5.500	15,700	15,700
			<b>29,596</b>	<b>29,596</b>
T.Sinai Kalkınma Bankası A.Ş.	XS1219733752	5.125	5,050	5,050
T.Sinai Kalkınma Bankası A.Ş.	XS1412393172	4.875	11,425	11,425
			<b>16,475</b>	<b>16,475</b>
			<b>46,071</b>	<b>46,071</b>

Trade receivables from related parties	31 March 2020	31 December 2019
Trakya Cam Sanayii A.Ş.	34,314	32,129
Trakya Glass Bulgaria EAD	19,981	16,669
Anadolu Cam Sanayii A.Ş.	19,651	17,771
Şişecam Enerji A.Ş.	17,737	21,383
Paşabahçe Bulgaria EAD	5,874	4,956
Paşabahçe Cam San. ve Tic. A.Ş.	3,356	1,839
Solvay Şişecam Holding AG	1,688	-
Camiş Madencilik A.Ş.	385	266
Denizli Cam Sanayii ve Tic. A.Ş.	138	187
Türkiye Şişe ve Cam Fabrikaları A.Ş.	67	264
Fabrika Cementa Lukavac D.D.(FCL)	48	24
Şişecam Flat Glass South Italy S.R.L	17	54
Şişecam Flat Glass India Limited	-	5,534
Saint Gobain Glass Egypt S.A.E.	-	2,732
Cam Elyaf Sanayii A.Ş.	-	226
Çayırova Cam Sanayii A.Ş.	-	28
	<b>103,256</b>	<b>104,092</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

<b>Other receivables from related parties</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
SC Glass Trading B.V.	152	141
T.Şişe ve Cam Fabrikaları A.Ş.	139	59
Cam Elyaf Sanayii A.Ş.	86	1
Camiş Madencilik A.Ş.	14	-
	<b>391</b>	<b>201</b>

<b>Trade payables to related parties</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Solvay Şişecam Holding AG	84,101	74,541
T. Şişe ve Cam Fabrikaları A.Ş.	19,925	77,476
Şişecam Enerji A.Ş.	5,817	21,026
Şişecam Dış Ticaret A.Ş.	29,080	20,401
Rudnik Krencjaka Vijenac D.O.O.	1,778	2,745
Camiş Madencilik A.Ş.	100	1,647
İş Merkezleri Yönetim ve İşletim A.Ş.	79	84
Cam Elyaf Sanayii A.Ş.	-	2,156
Anadolu Anonim Türk Sigorta A.Ş.	143	59
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	-	13
Şişecam Glass Packaging B.V.	73	67
Madencilik Sanayii ve Ticaret A.Ş.	-	2
	<b>141,096</b>	<b>200,217</b>

<b>Other trade payables to related parties</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
T.Şişe ve Cam Fabrikaları A.Ş. (*)	204,738	493,679
Şişecam Dış Ticaret A.Ş.	4,433	-
Cam Elyaf Sanayii A.Ş.	172	25
Trakya Cam Sanayii A.Ş.	3	5
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	111	67
Other (Dividend to be paid)	245,000	-
Şişecam Flat Glass Italy S.R.L.	-	15
Camiş Madencilik A.Ş.	1,457	1
	<b>455,914</b>	<b>493,777</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

<b>Sales to related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Şişecam Enerji A.Ş.	50,030	42,380
Trakya Cam Sanayii A.Ş.	45,325	39,285
Anadolu Cam Sanayii A.Ş.	24,794	12,443
Trakya Glass Bulgaria EAD	22,544	11,800
Şişecam Flat Glass İtaly S.R.L.	14,847	12,998
Şişecam Flat Glass South Italy S.R.L.	13,072	-
Paşabahçe Bulgaria EAD	7,109	5,119
Şişecam Flat Glass India Limited	5,121	1,077
Paşabahçe Cam San. ve Tic. A.Ş.	4,442	3,915
Saint Gobain Glass Egypt S.A.E.	2,837	2,570
Paşabahçe Egypt Glass Manufacturing S.A.E.	2,181	3,060
Denizli Cam Sanayii ve Tic. A.Ş.	197	220
JSC Mina	113	61
Trakya Yenişehir Cam Sanayii A.Ş.	-	284
Trakya Polatlı Cam Sanayii A.Ş.	-	219
	<b>192,612</b>	<b>135,491</b>

TRY 540,858 thousand of the Group's exports during the period 1 January – 31 March 2020 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January – 31 March 2019: TRY 1,939,368 thousand).

<b>Purchases from related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Solvay Şişecam Holding AG	86,139	76,293
Şişecam Enerji A.Ş.	14,968	52,615
Cam Elyaf Sanayii A.Ş.	472	-
Rudnik Krečnjaka Vijenac D.O.O.	4,409	3,497
Camiş Madencilik A.Ş.	871	2,234
Paşabahçe Mağazaları A.Ş.	2	-
	<b>106,861</b>	<b>134,639</b>

<b>Interest income from related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
T.İş Bankası A.Ş.	6,096	7,140
T.Şişe ve Cam Fabrikaları A.Ş.	-	8,245
	<b>6,096</b>	<b>15,385</b>

The non-trade receivables and payables of the Group with its related parties consist of loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries to meet the needs of financing. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. considered the emerging developments in the currency markets. The interest rate used for March 2020 was 0,883% (December 2019: 0,925%).

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

<b>Other income from related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Solvay Şişecam Holding AG <sup>(1)</sup>	1,658	-
Camiş Madencilik A.Ş. <sup>(2)</sup>	1,079	954
Cam Elyaf Sanayii A.Ş.	209	-
T.Şişe ve Cam Fabrikaları A.Ş.	143	42
Rudnik Krecnjaka Vijenac D.O.O.	90	75
Paşabahçe Cam San. Ve Tic. A.Ş.	50	190
Fabrika Cementsa Lukavac D.D.(FCL) <sup>(2)</sup>	38	-
Denizli Cam Sanayii A.Ş.	19	-
Trakya Cam Sanayii A.Ş.	-	129
	<b>3,286</b>	<b>1,390</b>

(1)Other technical assistance and consulting services income provided to Solvay Sodi.

(2)Antracite dust revenue.

<b>Service expense to related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
T.Şişe ve Cam Fabrikaları A.Ş.	10,506	7,618
	<b>10,506</b>	<b>7,618</b>

<b>Interest expense to related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
T.Şişe ve Cam Fabrikaları A.Ş.	6,376	15,095
T.İş Bankası A.Ş.	30,805	98
Şişecam Dış Ticaret A.Ş.	1,566	1,856
T.Sinai Kalkınma Bankası A.Ş.	-	49
	<b>38,747</b>	<b>17,098</b>

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 38. Related Party Transactions (Continued)

<b>Other expense to related parties</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	27,390	14,362
Şişecam Dış Ticaret A.Ş.	2,776	2,464
İş Merkezleri Yönetim ve İşletim A.Ş. <sup>(2)</sup>	209	198
Anadolu Anonim Türk Sigorta A.Ş.	193	275
T.İş Bankası A.Ş.	184	326
Rudnik Krechnjaka Vijenac D.O.O.	97	260
İş Portföy Yönetimi A.Ş.	97	82
Şişecam Enerji A.Ş.	39	352
Çayırova Cam Sanayii A.Ş.	23	-
Cam Elyaf Sanayii A.Ş.	21	-
Trakya Glass Bulgaria EAD	7	-
Paşabahçe Mağazaları A.Ş.	2	1
İş Gayrimenkul Yatırım Ort. A.Ş. <sup>(1)</sup>	-	393
Solvay Şişecam Holding AG	-	17
	<b>31,038</b>	<b>18,730</b>

(1) In the period 1 January-31 March 2020, a rental payment of TRY 236 thousand was made for Tuzla Şişecam headquarters where the business center is located (1 January-31 March 2019: TRY 1,553 thousand). As of 1 January 2020, TRY 130 thousand of the rental expenses calculated according to the TFRS-16 "Leases" standard are accounted for as depreciation expense and TRY 367 thousand is accounted for as interest expense totaling TRY 497 thousand.

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

<b>Key management compensation benefits</b>	<b>1 January- 31 March 2020</b>	<b>1 January- 31 March 2019</b>
Parent	1,419	1,325
Consolidated entities	1,036	784
	<b>2,455</b>	<b>2,109</b>

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

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 39. Nature and Level of Risks Derived from Financial Instruments

#### 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 balance sheet) less cash and cash equivalents.

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

	31 March 2020	31 December 2019
Borrowings and trade payables	2,630,056	2,225,536
Less: Cash and cash equivalents	(2,803,278)	(2,300,473)
Less: Financial Investments	(891,134)	(823,215)
<b>Net debt</b>	<b>(1,064,356)</b>	<b>(898,152)</b>
Total equity	6,019,364	5,741,864
<b>Net debt/total equity ratio</b>	<b>(%18)</b>	<b>(%16)</b>

#### (b) Financial Risk Factors

The Group's activities expose it to 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.

Risk management is carried out by the Risk Management Department, which is independent from steering, 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 of doubtful provision in the financial statements accordingly (Note 10).

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

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

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

#### Credit risks exposed by types of financial instruments

31 March 2020	Receivables					Cash and Cash Equivalents	Financial Investments and Derivative Instruments
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposure as of balance sheet date (*)	103,256	913,659	391	7,662	2,803,212	891,134	
- Under maximum guarantee with collaterals, etc.	-	(700,600)	-	-	-	-	
A. Net book value of financial assets that are neither past due nor impaired	103,256	814,180	391	7,662	2,806,838	904,481	
- Under guarantee with collaterals, etc.	-	(622,532)	-	-	-	-	
B. Carrying value of financial assets that are past due but not impaired	-	99,479	-	-	-	-	
- Under guarantee with collaterals, etc.	-	(78,068)	-	-	-	-	
C. Net book value of impaired assets	-	-	-	-	(3,626)	(13,347)	
- Past due (gross carrying amount)	-	2,556	-	34	-	-	
- Impairment (-)	-	(2,556)	-	(34)	-	-	
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	
- Not past due (gross carrying amount)	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	(3,626)	(13,347)	
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	

(\*) Credit quality enhancing instruments; such as; guarantees received, are not considered in the calculation.

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

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

#### Credit risks exposed by types of financial instruments

	Receivables				Cash and Cash Equivalents	Financial Investments and Derivative Instruments
	Trade Receivables		Other Receivables			
31 December 2019	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposure as of balance sheet date (*)	104,092	797,459	201	13,371	2,300,396	823,216
- Under maximum guarantee with collaterals, etc.	-	(631,125)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	104,092	710,606	201	12,154	2,303,327	839,988
- Under guarantee with collaterals, etc.	-	(561,154)	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	86,853	-	1,217	-	-
- Under guarantee with collaterals, etc.	-	(69,971)	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	(2,931)	(16,772)
- Past due (gross carrying amount)	-	3,281	-	34	-	-
- Impairment (-)	-	(3,281)	-	(34)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(2,931)	(16,772)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

(\*) Credit quality enhancing instruments; such as; guarantees received, are not considered in the calculation.

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

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

Guarantees that are obtained from customers are as stated below:

	31 March 2020	31 December 2019
Eximbank export insurance	322,744	313,692
Hermes receivable insurance	231,440	208,349
Guarantee letters	40,305	26,514
Commercial letter of credit	5,483	8,201
Other	100,628	74,369
	<b>700,600</b>	<b>631,125</b>

Trade receivables that past due but not impaired are as stated below:

	31 March 2020	31 December 2019
Overdue up to one month	69,949	66,886
Overdue for 1-3 months	23,869	17,651
Overdue for 3-12 months	2,780	1,822
Overdue for 1-5 years	2,881	1,711
<b>Total overdue receivables</b>	<b>99,479</b>	<b>88,070</b>
<b>The part under guarantee with collateral etc.</b>	<b>(78,068)</b>	<b>(69,971)</b>

As of balance sheet date collaterals for the trade receivables that past due but not impaired are as stated below:

	31 March 2020	31 December 2019
Guarantee letter	3,130	1,928
Commercial letter of credit	-	105
Hermes receivable insurance	7,681	11,999
Eximbank export insurance	64,800	53,262
Other	2,457	2,677
	<b>78,068</b>	<b>69,971</b>

##### (b.2) Liquidity risk management

Group manages the liquidity risk, by monitoring and matching the maturity dates of financial assets and liabilities to provide continuance for reserve and borrowing funds.

##### 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 adequate number of creditors with high quality.

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table:

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### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.2) Liquidity risk management (Continued)

31 March 2020						
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non derivative financial liabilities</b>						
Bank borrowings	1,672,365	1,828,471	607,256	49,614	1,171,601	
Financial liabilities to related parties	500,325	630,463	199,581	21,134	84,534	325,214
Operating lease liabilities	37,056	116,053	2,599	7,393	34,788	71,273
Trade payables	279,214	280,111	278,311	1,800	-	-
Due to related parties	597,010	597,010	597,010	-	-	-
Other payables	8,328	8,328	7,362	36	930	-
<b>Total liabilities</b>	<b>3,094,298</b>	<b>3,460,436</b>	<b>1,692,119</b>	<b>79,977</b>	<b>1,291,853</b>	<b>396,487</b>
31 March 2020						
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Derivative financial liabilities</b>						
Cash inflows	21,466	21,466	-	59	21,407	-
Cash outflows	-	-	-	-	-	-
<b>Net total assets/liabilities</b>	<b>21,466</b>	<b>21,466</b>	<b>0</b>	<b>59</b>	<b>21,407</b>	<b>0</b>

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.2) Liquidity risk management (Continued)

31 December 2019						
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non derivative financial liabilities</b>						
Bank borrowings	1,277,634	1,416,860	47,808	67,672	1,301,380	-
Financial liabilities to related parties	458,549	584,382	-	201,210	77,064	306,108
Operating lease liabilities	33,140	101,660	2,397	6,691	31,330	61,242
Trade payables	305,996	307,063	301,734	5,329	-	-
Due to related parties	694,109	694,109	694,109	-	-	-
Other payables	7,916	7,916	7,009	60	847	-
<b>Total liabilities</b>	<b>2,727,344</b>	<b>3,111,990</b>	<b>1,053,057</b>	<b>280,962</b>	<b>1,410,621</b>	<b>367,350</b>
31 December 2019						
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Derivative financial liabilities</b>						
Cash inflows	4,221	4,221	-	163	-	4,058
Cash outflows	-	-	-	-	-	-
<b>Net total assets/liabilities</b>	<b>4,221</b>	<b>4,221</b>	<b>-</b>	<b>163</b>	<b>-</b>	<b>4,058</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3) Market risk management

The Group faces financial risks relating to fluctuations in the exchange and interest rates due to its activities. Market risks of the Group are measured on the basis of sensitivity analyses. There has been no change in the market risk the Group faces or method of handling the risks met or method of measuring such risks, compared to the previous year.

##### (b.3.1) Foreign currency risk management

Foreign currency transactions, give rise to foreign currency risk. Certain transactions denominated in foreign currencies results in 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:

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### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.1) Foreign currency risk management

#### Foreign Currency Position as of 31 March 2020

	TRY Equivalent	US Dollar	Euro	TRY Equivalent of Other Currencies
1. Trade receivables	556,678	58,294	24,299	1,516
2a. Monetary financial assets (cash and banks included)	2,830,174	321,188	94,925	52,433
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	46,552	5,525	1,435	191
<b>4. CURRENT ASSETS</b>	<b>3,433,404</b>	<b>385,007</b>	<b>120,659</b>	<b>54,140</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	808,726	124,114	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	4,904	72	615	-
<b>8. NON CURRENT ASSETS</b>	<b>813,630</b>	<b>124,186</b>	<b>615</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>4,247,034</b>	<b>509,193</b>	<b>121,274</b>	<b>54,140</b>
10. Trade payables	77,582	7,547	3,887	360
11. Financial liabilities	199,715	30,650	-	-
12a. Other monetary liabilities	21,903	1,467	1,711	-
12b. Other non monetary liabilities	-	-	-	-
<b>13. SHORT TERM LIABILITIES</b>	<b>299,200</b>	<b>39,664</b>	<b>5,598</b>	<b>360</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	304,080	46,667	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. LONG TERM LIABILITIES</b>	<b>304,080</b>	<b>46,667</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>603,280</b>	<b>86,331</b>	<b>5,598</b>	<b>360</b>
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	21,466	41,929	(34,891)	-
19a. Off balance sheet derivative assets	273,208	41,929	-	-
19b. Off balance sheet derivative liabilities	251,742	-	34,891	-
<b>20. Net foreign assets / (liability) position(9-18+19)</b>	<b>3,665,220</b>	<b>464,791</b>	<b>80,785</b>	<b>53,780</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>3,592,298</b>	<b>417,265</b>	<b>113,626</b>	<b>53,589</b>
22. Fair value of derivative instruments used in foreign currency hedge	4,473	686	-	-
23. Export	686,781	60,311	47,205	2,121
24. Import	208,650	21,415	7,238	29,541

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.1) Foreign currency risk management (Continued)

<b>Foreign Currency Position as of 31 December 2019</b>				
	<b>TRY Equivalent</b>	<b>US Dollar</b>	<b>Euro</b>	<b>TRY Equivalent of Other Currencies</b>
1. Trade receivables	472,174	59,078	18,090	927
2a. Monetary financial assets (cash and banks included)	2,289,084	278,892	87,582	49,938
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	21,934	2,403	1,152	-
<b>4. CURRENT ASSETS</b>	<b>2,783,192</b>	<b>340,373</b>	<b>106,824</b>	<b>50,865</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	746,479	125,666	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	1,325	208	13	-
<b>8. NON CURRENT ASSETS</b>	<b>747,804</b>	<b>125,874</b>	<b>13</b>	<b>-</b>
<b>9. TOTAL ASSETS</b>	<b>3,530,996</b>	<b>466,247</b>	<b>106,837</b>	<b>50,865</b>
10. Trade payables	89,069	11,048	3,424	670
11. Financial liabilities	184,958	31,137	-	-
12a. Other monetary liabilities	28,637	1,835	2,667	-
12b. Other non monetary liabilities	-	-	-	-
<b>13. SHORT TERM LIABILITIES</b>	<b>302,664</b>	<b>44,020</b>	<b>6,091</b>	<b>670</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	277,209	46,667	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
<b>17. LONG TERM LIABILITIES</b>	<b>277,209</b>	<b>46,667</b>	<b>-</b>	<b>-</b>
<b>18. TOTAL LIABILITIES</b>	<b>579,873</b>	<b>90,687</b>	<b>6,091</b>	<b>670</b>
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	4,221	40,177	(35,251)	-
19a. Off balance sheet derivative assets	238,661	40,177	-	-
19b. Off balance sheet derivative liabilities	234,440	-	35,251	-
<b>20. Net foreign assets / (liability) position(9-18+19)</b>	<b>2,955,344</b>	<b>415,737</b>	<b>65,495</b>	<b>50,195</b>
<b>21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>2,927,864</b>	<b>372,949</b>	<b>99,581</b>	<b>50,195</b>
22. Fair value of derivative instruments used in foreign currency hedge	4,473	753	-	-
23. Export	2,680,024	257,756	190,919	6,279
24. Import	729,822	92,344	9,135	148,136

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.1) Foreign currency risk management (Continued)

The Group is mainly exposed to Euro and US Dollars risks. Effects of other currencies are immaterial.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates especially US Dollars and Euro. 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss or equity.

#### Foreign currency sensitivity

	31 March 2020			
	Profit / Loss		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	271,890	(271,890)	8,527	(8,527)
2 - US Dollars hedged from risks (-)	27,321	(27,321)	-	-
<b>3 - US Dollars net effect (1 + 2)</b>	<b>299,211</b>	<b>(299,211)</b>	<b>8,527</b>	<b>(8,527)</b>
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	81,981	(81,981)	268,832	(268,832)
5 - Euro hedged from risks (-)	(25,174)	25,174	-	-
<b>6 - Euro net effect (4 + 5)</b>	<b>56,807</b>	<b>(56,807)</b>	<b>268,832</b>	<b>(268,832)</b>
7 - Other currencies net assets / liabilities	5,359	(5,359)	831	(831)
8 - Other currencies hedged from risks (-)	-	-	-	-
<b>9 - Other currencies net effect (7 + 8)</b>	<b>5,359</b>	<b>(5,359)</b>	<b>831</b>	<b>(831)</b>
<b>TOTAL (3 + 6 + 9)</b>	<b>361,377</b>	<b>(361,377)</b>	<b>278,190</b>	<b>(278,190)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.1) Foreign currency risk management (Continued)

	31 December 2019			Equity (*)
	Profit / Loss		Foreign currency appreciation	Foreign currency devaluation
	Foreign currency appreciation	Foreign currency devaluation		
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	221,539	(221,539)	6,343	(6,343)
2 - US Dollars hedged from risks (-)	23,866	(23,866)	-	-
<b>3 - US Dollars net effect (1 + 2)</b>	<b>245,405</b>	<b>(245,405)</b>	<b>6,343</b>	<b>(6,343)</b>
Increase in value of Euro against TRY by 10%				
4 - Euro net assets/liabilities	66,228	(66,228)	241,768	(241,768)
5 - Euro hedged from risks (-)	(23,444)	23,444	-	-
<b>6 - Euro net effect (4 + 5)</b>	<b>42,784</b>	<b>(42,784)</b>	<b>241,768</b>	<b>(241,768)</b>
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	5,019	(5,019)	762	(762)
8 - Other currencies hedged from risks (-)	-	-	-	-
<b>9 - Other currencies net effect (7 + 8)</b>	<b>5,019</b>	<b>(5,019)</b>	<b>762</b>	<b>(762)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>293,208</b>	<b>(293,208)</b>	<b>248,873</b>	<b>(248,873)</b>

(\*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY.

##### (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 rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates of TRY were increased/decreased by 1% and foreign currency interest rates were increased/decreased 0.25% with the assumption of keeping all other variables constant, the net profit / loss for the period before taxation and minority interest would decrease/increase by TRY 605 thousand as of 31 March 2020 (31 December 2019: TRY 3,062 thousand, 31 March 2019: TRY 66 thousand).

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### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.2) Interest rate risk management (Continued)

##### Interest rate sensitivity

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

	31 March 2020			
	Floating Interest	Fixed Interest	Non-Interest Bearing	TOTAL
<b>Financial Assets</b>	-	4,646,093	94,754	4,740,847
Cash and cash equivalents	-	2,708,524	94,754	2,803,278
Financial investments	-	891,134	-	891,134
Financial derivative assets	-	21,466	-	21,466
Trade receivables	-	913,659	-	913,659
Receivables from related parties	-	103,647	-	103,647
Other receivables	-	7,663	-	7,663
<b>Financial Liabilities</b>	304,257	2,790,041	-	3,094,298
Bank borrowings	304,257	1,368,108	-	1,672,365
Financial liabilities to related parties	-	500,325	-	500,325
Operating lease liabilities	-	37,056	-	37,056
Trade payables	-	279,214	-	279,214
Payables due to related parties	-	597,010	-	597,010
Other payables	-	8,328	-	8,328
	31 December 2019			
	Floating Interest	Fixed Interest	Non-Interest Bearing	TOTAL
<b>Financial Assets</b>	-	3,999,060	43,972	4,043,032
Cash and cash equivalents	-	2,256,501	43,972	2,300,473
Financial investments	-	823,216	-	823,216
Financial derivative assets	-	4,221	-	4,221
Trade receivables	-	797,458	-	797,458
Receivables from related parties	-	104,293	-	104,293
Other receivables	-	13,371	-	13,371
<b>Financial Liabilities</b>	358,633	2,368,711	-	2,727,344
Bank borrowings	358,633	869,001	-	1,227,634
Financial liabilities to related parties	-	458,549	-	458,549
Operating lease liabilities	-	33,140	-	33,140
Trade payables	-	305,996	-	305,996
Payables due to related parties	-	694,109	-	694,109
Other payables	-	7,916	-	7,916

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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### 39. Nature and Level of Risks Derived from Financial Instruments (Continued)

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

##### (b.3.3) Other price risks

The Group is exposed to market price risk due to its equity share investments. Equity share investments are held for strategic purposes rather than trading purposes. The group does not trade those investments actively.

##### Equity price sensitivity

Sensitivity analysis presented below is determined based on the equity price risks as of the reporting date. At the date of reporting, if the equity prices were increased/decreased by 10% with the assumption of keeping all other variables constant:

As of 31 March 2020, if equity investments classified as financial assets at fair value through other comprehensive income would not be disposed of or as long as not impaired, net profit/loss would not be affected.

### 40. Fair Value of Financial Instruments and Hedge Accounting

#### Categories of Financial Instruments

31 March 2020	Amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Net Book Value	Note
<b>Financial assets</b>	<b>4,711,718</b>	<b>21,466</b>	<b>-</b>	<b>4,733,184</b>	
Cash and cash equivalents	2,803,278	-	-	2,803,278	6
Trade receivables	913,659	-	-	913,659	10
Receivables from related parties	103,647	-	-	103,647	38
Financial derivative assets	-	21,466	-	21,466	12
Financial investments	891,134	-	-	891,134	7
<b>Financial liabilities</b>	<b>3,048,914</b>	<b>-</b>	<b>-</b>	<b>3,048,914</b>	
Bank borrowings	2,172,690	-	-	597,010	38
Trade payables	279,214	-	-	2,172,690	8
Payables due to related parties	597,010	-	-	279,214	10

  

31 December 2019	Amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Net Book Value	Note
<b>Financial assets</b>	<b>4,025,440</b>	<b>4,221</b>	<b>-</b>	<b>4,029,661</b>	
Cash and cash equivalents	2,300,473	-	-	2,300,473	6
Trade receivables	797,458	-	-	797,458	10
Receivables from related parties	104,293	-	-	104,293	38
Financial derivative assets	-	4,221	-	4,221	12
Financial investments	823,216	-	-	823,216	7
<b>Financial liabilities</b>	<b>2,686,288</b>	<b>-</b>	<b>-</b>	<b>2,686,288</b>	
Bank borrowings	1,686,183	-	-	1,686,183	8
Trade payables	305,996	-	-	305,996	10
Payables due to related parties	694,109	-	-	694,109	38
Financial derivative liabilities	-	-	-	-	12

# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 40. Fair Value of Financial Instruments and Hedge Accounting (Continued)

#### Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

Financial assets	31 March 2020	Fair Value Level as of Reporting Date		
		Category 1	Category 2	Category 3
Difference in fair value reflected in other comprehensive income	21,466	-	21,466	-
<b>TOTAL</b>	<b>21,466</b>	<b>-</b>	<b>21,466</b>	<b>-</b>

Financial assets	31 December 2019	Fair Value Level as of Reporting Date		
		Category 1	Category 2	Category 3
Difference in fair value reflected in other comprehensive income	4,221	-	4,221	-
<b>TOTAL</b>	<b>4,221</b>	<b>-</b>	<b>4,221</b>	<b>-</b>

### 41. Events after the Balance Sheet Date

The Ordinary General Assembly Meeting decisions of the Company on March 27, 2020 were registered by the Istanbul Trade Registry Directorate on April 8, 2020 and published in the Trade Registry Gazette numbered 10056 on April 10, 2020.

Within the framework of the Board of Directors' historic decision No.20 dated April 27, 2020, the Company's assets, all assets and liabilities as a whole element of Türkiye Şişe ve Cam Fabrikaları A.Ş. has decided to be transferred. In this context, PWC Yönetim Danışmanlık A.Ş., prepared in accordance with Articles 145 and 147 of the Turkish Commercial Code. The "Merger Report and Merger Agreement" based on the determinations stipulated in the expert institution report was signed and applied to the SPK on April 27, 2020.

The rate of change calculated by the expert institution is 1.15997 and the right to leave is 6.39 TL.

Covid-19 outbreak, which causes deadly respiratory tract infections and which is emerged in China and spread to several parts of the world, is effecting international ekonomik conditions in a negative way, especially in the hardest hit countries. The ultimate effects and outreach of Coronavirus is still unknown and therefore the Firm cannot measure the impact of it on the operations.

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# SODA SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2020

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

### 42. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for a Clearer Understanding of Financial Statements

#### Approval of Financial Statements

The Group's non-audited consolidated financial statements as of 31 March 2020 is prepared in accordance with the Capital Markets Board's numbered 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 financial reporting standards endorsed by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director of Chemicals Group's, Umut Barış Dönmez, Accounting Manager Nuri Batur Okur and approved for the public announcement by the Board of Directors on 30 April 2020.