

ANADOLU CAM SANAYİİ A.Ş.  
2019 ANNUAL REPORT



ŞİŞECAM  
GLASS  
PACKAGING

Perfect harmony,  
excellent  
operation...



As the fifth largest glass packaging producer in Europe and worldwide, Anadolu Cam Sanayii A.Ş. operates 10 plants in four countries with a total production capacity of 2.6 million tons/year.

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Anadolu Cam Sanayii A.Ş. shares are traded on Borsa İstanbul under the ticker symbol **ANACM**.



# Flawless harmony, perfect functioning...

We continue to create value for all our stakeholders with the dynamic performance that we demonstrate against the opportunities and risks created by mobility in domestic and international markets.

While maintaining our quality and lean management approach, our digitalization, automation and Industry 4.0 efforts are persistently continuing forward with advanced technology, a key part of our DNA. On account of a wide product portfolio, effective capacity management and a focus on operational excellence, we aim to continue our sustainable and profitable growth.

# Anadolu Cam Sanayii A.Ş. in Brief

Starting its glass packaging operations with the jar production in 1935 at Beykoz Paşabahçe, Şişecam moved to its Topkapı Bottle Plant in 1969 in the wake of the rapid development of the beverage industry and the increasing bottle demand of the pharmaceutical industry. Glass packaging operations developed with a rapid and stable growth and production was made in various volumes and designs for the food, beverage, pharmaceuticals, and cosmetics industries.

The Company continued its growth with the acquisition of Anadolu Cam Sanayii A.Ş. plant in Mersin in 1976 and has been implementing NNPB (light bottle) production technology since 1988, as an important milestone of glass packaging production technology, at this plant for the first time.

In 2000, Topkapı Bottle Plant merged into Anadolu Cam Sanayii A.Ş. With the inclusion of Bursa Yenişehir Plant in 2006 and Eskişehir Plant in 2013, to the production facilities in Turkey, the Group has reinforced its leadership in the sector.

In line with its goal of being a regional leader and an international glass packaging manufacturer with at least half of its revenues from foreign operations, Anadolu Cam Sanayii A.Ş. started executing investments and collaborations in neighboring countries.

With this goal, the Company has acquired Mina Plant in Georgia in 1997 as its first investment outside Turkey. This was followed by Gorokhovets Plant in 2002, Pokrovsky Plant in 2004, Ufa Plant in 2005, Kirishi Plant in 2008 and Kuban Plant in 2009, in order to take advantage of the Russian market's dynamic structure. Finally, in 2011, the Company has acquired an existing glass packaging facility in Merefá, Ukraine.

With a total 2.6 million tons/year production capacity, Anadolu Cam Sanayii A.Ş. is Turkey's largest, and the world's and Europe's 5<sup>th</sup> largest glass packaging manufacturer. The Company has 10 manufacturing plants in total consisting of three plants in Turkey, five in Russia, one in Georgia, and one in Ukraine.

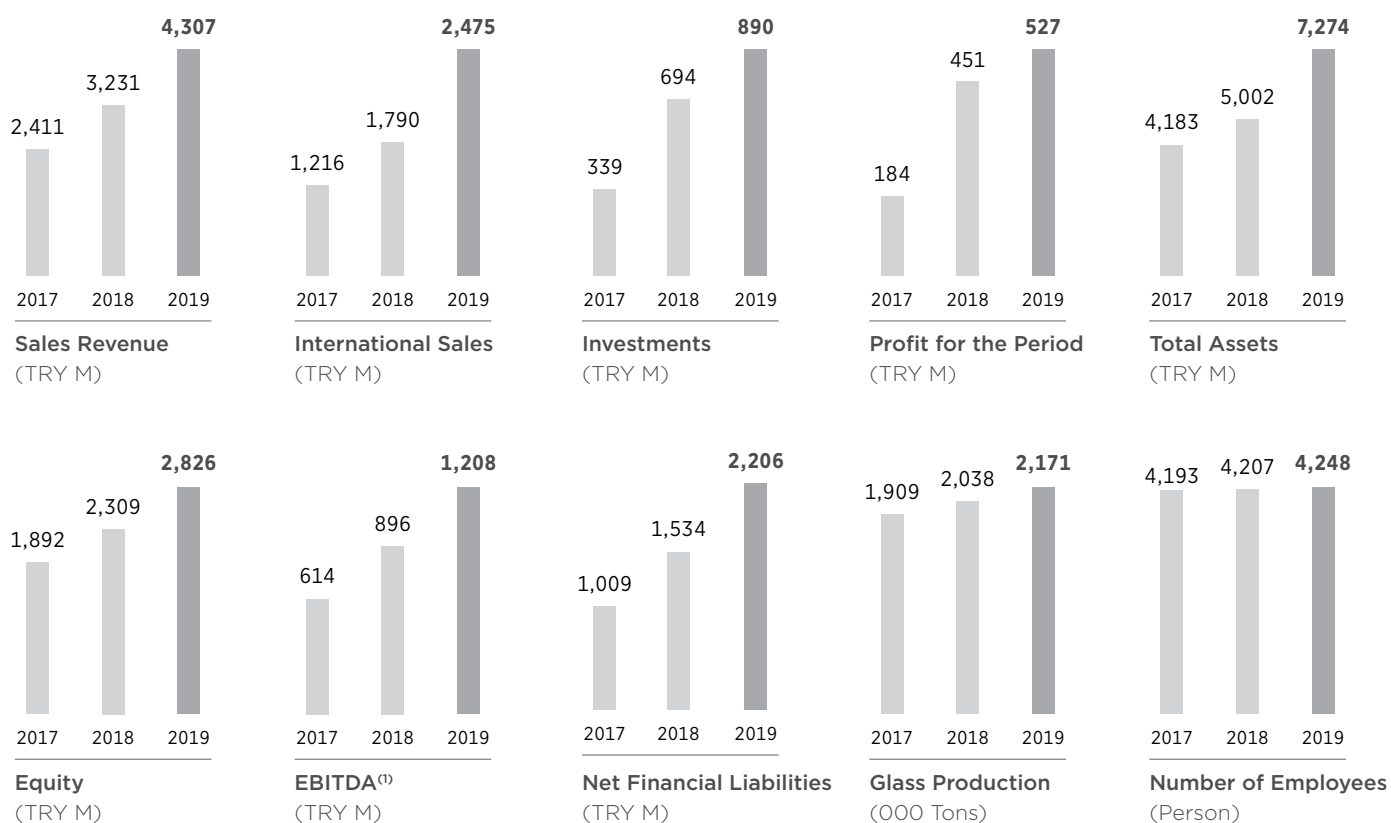
# Financial Indicators

Financial Indicators	2018		2019	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	5,002	951	7,274	1,224
Equity	2,309	439	2,826	476
Sales	3,231	669	4,307	759
Gross Profit	976	202	1,434	253
Operating Profit before Financial Expenses (EBIT)	555	115	768	135
EBITDA <sup>(1)</sup>	896	186	1,208	213
Profit for the Period	451	93	527	93
Net Financial Liabilities	1,534	292	2,206	371

Financial Ratios	2018	2019
Current Assets/Current Liabilities	1.07	1.46
Equity/Total Equity and Liabilities	46%	39%
Net Financial Liabilities/Equity	66%	78%
Net Financial Liabilities/Total Equity and Liabilities	31%	30%
Gross Profit/Sales Revenue	30%	33%
EBITDA/Sales Revenue	28%	28%
EBIT/Sales Revenue	17%	18%
Net Financial Debt**/EBITDA*	1.71	1.83

\* In the EBITDA and EBIT calculations, Operating Profit before Financial Income/Expenses has been taken into consideration.

\*\* Net Financial Liabilities are calculated by deducting other receivables from related parties, cash and securities investments, from the total of short and long term borrowings and other payables to related parties.



<sup>(1)</sup> The profit derived from share sales in 2017 is TRY 32 M. No share sale was made in 2018 and 2019.

# Production Facilities

## 2.2 Million Tons Glass Packaging Production

### 4 Production Countries

(Turkey, Georgia, Russia, Ukraine)





Mersin Plant  
**Turkey**



Yenişehir Plant - Bursa  
**Turkey**



Eskişehir Plant  
**Turkey**



Ruscam - Kuban Plant  
**Russia**



Ruscam - Kirishi Plant  
**Russia**



Ruscam - Ufa Plant  
**Russia**



Ruscam - Pokrovsky Plant  
**Russia**



Ruscam - Gorokhovets Plant  
**Russia**



Mina - Ksani Plant  
**Georgia**



Merefa Plant  
**Ukraine**

# Board of Directors



**PROF. DR. AHMET KIRMAN**  
Chairman



**ABDULLAH KILIÇ**  
Vice Chairman



**SİBEL KOÇ KARACAOĞLU**  
Board Member



**ZEYNEP HANSU UÇAR**  
Board Member



**MEHMET CELAL BETİL**  
Independent Board Member



**İLHAN İL**  
Independent Board Member



**PROF. DR. AHMET KIRMAN/Chairman**

(61) Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming an Associate Professor and then Professor of Financial Law. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Dr. Kirman started his professional career in 1981 as a judge for the Council of State. Subsequently, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as the Chairman of Türkiye İş Bankası A.Ş., Milli Reasurans T.A.Ş., Destek Reasurans A.Ş., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kirman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kirman is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe Cam San. ve Tic. A.Ş. and several other Group companies. In recognition of his outstanding lifetime contributions to the glass science and technology, encouraging the exchange of knowledge and promotion of national and international glass community, Dr. Kirman was honoured with the "President's Award" by the International Commission on Glass (ICG), which is the most reputable and recognized world-wide organization in the field of glass with the representatives from 33 countries. Dr. Kirman has been awarded with the honor of "Cavaliere" of "the Order of the Star of Italy," proposed by the Minister of Foreign Affairs and bestowed by the President of the Italian Republic, for his contribution to the strengthening of economic bilateral relations and mutual investments between Italy and Turkey. Dr. Kirman has also been honoured by the Presidency of Tatarstan with the "Medal of Valorous Labour" in recognition of his valuable contributions to the development of investments and economic cooperation with Tatarstan. Dr. Kirman has served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kirman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kirman is author of 12 books along with numerous scholarly articles and has been invited as a key speaker at numerous scientific as well as business events. Involved in parachuting and shooting sports, Dr. Kirman won the gold medal in shooting in the 1978 Balkan Championship.

**ABDULLAH KILINÇ/Vice Chairman**

(53) Abdullah Kılınç graduated with a Bachelor's degree in Mechanical Engineering from Middle East Technical University in 1990 and completed the Advanced Management Program at Harvard Business School in 2013. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. as Production Engineer at Mersin Plant in 1992, where he later worked as Production Supervisor in 1995. He was appointed Assistant General Manager at Mina Ksani Glass Packaging Company in Georgia in 1999. Mr. Kılınç joined Anadolu Cam Sanayii A.Ş. in 2003 as Management and Sales HQ Business Development Manager. Subsequently, he served within the Glass Packaging Group as General Manager of the Ruscama Ufa Plant, Operations Director of Russia Operations, and Operations Director of the Group. Serving as the President of Glass Packaging Group Turkey since 2014, Mr. Kılınç became the Chairman of the Glass Packaging Group as of January 3, 2020.

**SİBEL KOÇ KARACAĞLU/Board Member<sup>(2)</sup>**

(43) Sibel Koç Karacaoğlu graduated from Istanbul University, Faculty of Business Administration, Business Administration Department. In 1998 and completed INSEAD Executive Leadership Programme in 2019. She started her business career as Assistant Financial Resources Specialist at Anadolu Cam Sanayii A.Ş. in the company's Management and Sales Center. After working as Financial Resources Specialist for Group companies, and Budget Specialist and Financial Control Specialist, she was appointed Budget and Financial Control Manager at Anadolu Cam Sanayii in 2014. Since October 2016, Ms. Karacaoğlu has served as CFO at Türkiye Cam Ambalaj Group. She holds the Independent Accountant and Financial Advisor (SMMM), Capital Markets Activities Level 3 and Corporate Governance Rating licenses.

**ZEYNEP HANSU UÇAR/Board Member<sup>(2)(3)</sup>**

(48) Zeynep Hansu Uçar graduated from Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her professional career at İşbank in 1994 as an Assistant Investment Specialist in the Subsidiaries Division. She has held several managerial positions responsible for various group companies in the same department and since 2015; Ms. Uçar has been serving as Subsidiaries Division Head of İşbank. She has served as Board Member and Auditor at various Şişecam Group companies since 2010 and currently is a Board Member of Türkiye Şişe ve Cam

Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii ve Tic. A.Ş. She is also Board Member of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, which is an İşbank subsidiary. She was appointed as Member of Board of Directors of Anadolu Cam Sanayii A.Ş. again on March 7, 2019, and has been a Member of the Board since April 15, 2011.

**MEHMET CELAL BETİL/Independent Board Member<sup>(1)(2)(3)</sup>**

(64) A graduate of Istanbul Technical University, Mehmet Celal Betil holds MSc degrees on automation and power electronics at Istanbul Technical University. Betil worked as a Maintenance Engineer, Design Engineer, Plant Manager, the Managing Director of Birlik Galvaniz (Galvanized Steel) and of Borçelik, respectively during his 41-year-career at Borusan. Starting from 2006, he acted as a Member of the Holding's Executive Board and the Chairman of the Board of Directors and a Board Member at the Group's companies. Betil retired in January 2018, but he continued to be a Board Member at some companies of Borusan Group until the beginning of 2019. He acted as a Board Member at the Turkish Employers Association of Metal Industries (MESS) between 2007 and 2016 while he was the Chairman of the Board of Directors at MESS between 2014 and 2016. Acting as a Board Member at the Turkish Confederation of Employer Associations between 2010 and 2016 and an Assembly Member at Istanbul Chamber of Industry between 1999 and 2013, Betil has been a Board Member at the Turkish Wind Energy Association between 2016 and 2018. A trustee at Istanbul Boys' High School Education Foundation, Mehmet Celal Betil acted as a Board Member between 2003 and 2010. Mehmet Celal Betil was appointed as an Independent Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders on March 7, 2019.

**İLHAN İL/Independent Board Member<sup>(1)(3)</sup>**

(57) Having graduated from the Department of Finance of the Faculty of Political Sciences affiliated to Ankara University in 1983, İlhan İl completed his MBA on International Business Economics at the University of the West of England in the UK between 1992 and 1993. Starting his career as a Tax Inspector at the Ministry of Finance in 1984, İl was appointed as the Adviser for the Minister of State in Charge of Economy in 1994 and the Deputy Director General of Economic Research and Evaluation at the Undersecretariat of Foreign Trade affiliated to the Prime Ministry in 1995. Between 1997 and 2015, he acted as a Member of the Board of Coordination for Bilkent Holding, the Chairman of the Board of Directors for Tepe Home, Tepe Beton, Tepe Prefabrik and Tepe Real Estate Investment, CEO at Tepe Security, Deputy Chairman of the Board of Directors for Bilkent Cyberpark and a Board Member at TAV Airports Holding, ATÜ Duty Free, BTA Food & Beverage and İDO İstanbul Deniz Otobüsleri A.Ş. İlhan İl currently acts as an Independent Board Member at Süttaş Süt Ürünleri A.Ş. and the Chairman of the Board of Directors at Travelex Turkey. İlhan İl was appointed as an Independent Board Member in line with the Corporate Governance Principles of the Capital Markets Board of Turkey at the Ordinary General Meeting of Shareholders by Anadolu Cam Sanayii A.Ş. on March 7, 2019.

<sup>(1)</sup> Audit Committee Members

<sup>(2)</sup> Corporate Governance Committee Members

<sup>(3)</sup> Early Risk Identification Committee Members

**EXECUTIVES****TURKEY**

Abdullah Kılınç	President of Glass Packaging Group
Burak Atalay	Vice-President - Marketing and Sales
Kadir Ballı <sup>(*)</sup>	Vice-President - Production
Sibel Koç Karacaoğlu	Chief Financial Officer
Osman Faruk Kapu <sup>(**)</sup>	Human Resources Director
Selim Kalkan	Strategic Planning Director
İbrahim Hakan Çopur <sup>(***)</sup>	Supply Chain and Integration Director
Oya Saçar	Quality Director

**RUSSIA**

Vladimir Dolgov	Russia General Manager
Semih Büyükkapu	Vice-President - Production - Russian Operations
Diana Kudzieva	Chief Financial Officer
Alla Perets	Human Resources Director

<sup>(\*)</sup> Appointed in place of Mustafa Çetiner on 14.01.2019.

<sup>(\*\*)</sup> Appointed in place of Ekrem Sensoy on 02.01.2020.

<sup>(\*\*\*)</sup> Appointed in place of Uğurşan Keskin on 03.01.2020.

# Chairman's Message

In the face of rising competition, Anadolu Cam Sanayii A.Ş. successfully sustained profitable growth in the global glass packaging market by focusing on operational excellence in 2019.

**RANKING AMONG THE LEADING PRODUCERS IN THE GLASS PACKAGING MARKET, ANADOLU CAM SANAYII A.Ş. RECORDED STRONG FINANCIAL AND OPERATIONAL RESULTS IN 2019 DESPITE OPERATING IN ECONOMICALLY VOLATILE MARKETS.**

Dear Stakeholders,

Anadolu Cam Sanayii A.Ş. pursues the vision of becoming a global glass packaging company and a solution partner by offering specially designed products and services to customers, adding value to people and the environment at the same time. Our Company closed fiscal year 2019 successfully in terms of its sustainable and profitable growth targets.

Ranking among the leading producers of the glass packaging market, Anadolu Cam Sanayii A.Ş. recorded strong financial and operational results in 2019, when economic fluctuations affected the markets where the Company operates. Our Company continues to lead the glass packaging industry in its geographic locations in line with its strategic goals. Anadolu Cam Sanayii A.Ş. ramped up its effectiveness in international markets without compromising its operational excellence approach. As a result, we increased exports by 60% in Turkey and 30% in total compared to the previous year.

We boast an extensive and qualified range of products, production flexibility, effective capacity management and a strict quality policy successfully implemented across our facilities. With this approach, Anadolu Cam Sanayii A.Ş. continues to be the reliable supplier for all sectors it provides inputs, including food, beverage and pharmaceuticals.

**Anadolu Cam Sanayii A.Ş. continues to set new records in exports.**

2019 saw investments continue intensely in the industry. Growth in volume and value also continued consistently in terms of development of the global glass packaging market. Asia-Pacific, Europe and the US account for the largest share in terms of global glass packaging consumption. With the impact of capacity increase and modernization investments experienced in Europe, the global glass packaging market maintained its upward growth trend in 2019.

Thanks to setting records in exports, expanding its production capacity with new furnaces and modernization efforts, and investing in automation and digitalization, Anadolu Cam Sanayii A.Ş. concluded a successful year in parallel with global dynamics and continued to expand. In 2019, our Company increased its market access and generated 57% of its consolidated sales revenue from exports. Boasting 84 years of experience in glass packaging, the Company has established permanent collaborations in countries where it exports.



## Chairman's Message

As an affiliate of Şişecam Group, Anadolu Cam Sanayii A.Ş. embraces a holistic approach to sustainability and places sustainability at the heart of all its business processes, in line with longstanding corporate tradition and social responsibility.

IN 2020, ANADOLU CAM SANAYİİ A.Ş. WILL REMAIN COMMITTED TO ITS OPERATIONAL EXCELLENCE APPROACH AND ITS INDUSTRY 4.0 EFFORTS. THE COMPANY PLANS TO CONTINUE ITS DEVELOPMENT AND MAINTENANCE INVESTMENTS TO ENSURE DIGITAL TRANSFORMATION AT ITS FACTORY FACILITIES.

**In 2019, Anadolu Cam Sanayii A.Ş. undertook investments to bolster its competitive edge.**

Anadolu Cam Sanayii A.Ş. shaped its investment strategies around sustainable development and value creation during this period when ways of conducting business can quickly change. Focusing on operational excellence, effective capacity management and sustainable profitability, the Company's investment spending totaled TRY 890 million in 2019.

With these capital investments, Anadolu Cam Sanayii A.Ş. aims to achieve effective capacity utilization, cost excellence, integration of supply chain and optimization. The total quality and lean management approach is implemented across the operation while Industry 4.0 efforts continue apace. In 2020, our Company plans to undertake additional development and maintenance investments in order to ensure digital transformation in factories as part of its operational excellence approach and Industry 4.0 initiatives.

In the first half 2019, Anadolu Cam Sanayii A.Ş. successfully commissioned its new furnace investment with an 80 thousand ton annual capacity at Mersin Factory. This new investment facilitated the Company's record-setting exports due to the logistics advantage provided by Mersin Port. At the same time, this capital investment project boosted the domestic production capacity. In addition, our Company finalized its planned cold repair investments in two furnaces at the Yenişehir Factory and Mersin Factory. With this project, which reflects our sustainable growth-high performance investment approach, our total glass packaging production capacity climbed to 2.6 million tons/year.

During the year, we decided to recommission the Russia Pokrovsky Factory, where production was discontinued in 2013, as a result of the recovery of the Russian glass packaging market and the supply deficit. The facility will commence production in second quarter 2020 with a 70 thousand ton/year capacity and a USD 15 million investment.

**Anadolu Cam Sanayii A.Ş. shapes its business activities with a people-centric approach that values the environment and society.**

Anadolu Cam Sanayii A.Ş. implements its sustainability approach across all its business processes. The Company's strategic priorities in this area include generating added value for financial continuity, reducing the environmental impact caused by its business operations, and creating lasting value for its stakeholders.

As an affiliate of Şişecam Group, Anadolu Cam Sanayii A.Ş. embraces a holistic approach to sustainability. The Company places sustainability at the center of all its business processes, in line with the corporate tradition and social responsibility from the Group's long-standing past. Having formulated its sustainability strategy in line with United Nations Sustainable Development Goals (SDG), the Company regularly shares the progress of the value it creates for stakeholders in this area via corporate sustainability reports.

Anadolu Cam Sanayii A.Ş. conducts efforts to achieve gains in resource efficiency and cost efficiency across its production processes. Our Company is committed to effective use of Turkey's natural resources. To this end, we boosted the quantity and quality of recycled cullet used in our production facilities; this effort resulted in 210 thousand tons of recycled glass in 2019. Anadolu Cam Sanayii A.Ş. undertakes efforts and makes investments to establish a broken glass facility. This project aims to increase the glass recycle rate in our country to the Europe average with the social responsibility perspective that is part of its corporate culture. In the area of energy recovery, we collaborate with local administrations and licensed companies to raise public awareness for separate collection of glass packaging waste at its source; develop the glass packaging waste collection infrastructure; modernize recycling facilities; and expand their capacities.

Our Company continued to reflect its innovative and creative approach, which is fostered by its global vision, across all its business processes in 2019. We make a difference with our world class products.

Receiving a total of 74 awards since 2006 for its innovative designs, Şişecam Science, Technology and Design Centre aims to continue making its mark on design in the international arena.

Anadolu Cam Sanayii A.Ş. aims to maintain sustainable and profitable growth by boosting its sales by double digits in tons in 2020 with its operational excellence focus in the global glass packaging market where competition is steadily increasing.

We at Anadolu Cam Sanayii A.Ş. sincerely believe that we will reach our goals with determination and continue to create value for all our stakeholders. I would like to take this opportunity to thank our devoted employees, who are our greatest asset in achieving our goals, and our valued shareholders, customers, suppliers, and all stakeholders who support us in all our activities.

Yours respectfully,



**Prof. Dr. Ahmet Kirman**  
Chairman

RECEIVING A TOTAL  
OF 74 AWARDS  
SINCE 2006 FOR  
ITS INNOVATIVE  
DESIGNS,  
ŞİŞECAM SCIENCE,  
TECHNOLOGY AND  
DESIGN CENTRE  
AIMS TO CONTINUE  
MAKING ITS MARK  
ON DESIGN IN THE  
INTERNATIONAL  
ARENA.

# An Overview of 2019

Anadolu Cam Sanayii A.Ş. creates significant value for its stakeholders, recording strong financial and operational results in 2019.

## 4.3

TRY BILLION

SALES INCOME

During the year, the global glass packaging market stepped up capacity increases, new investments, modernization and digitalization of production processes. The market continues to record solid growth thanks to new product innovations, operational excellence, process standardization, sustainability, digitalization and Industry 4.0 process development technologies.

Increased health awareness has driven up demand for glass packaging products. In 2019, European and South American markets outperformed the global glass packaging market in terms of growth. Europe is growing steadily; modernization, capacity expansion and growth potential characterize the market. In 2019, the beer and soft drink sectors emerged as the leaders in the European glass packaging market. Meanwhile, the North American market is contracting due to the beer industry. South America is a high growth market and robust environment for new investments. Asia-Pacific – home to small, medium, and large-scale glass packaging producers – is an intensely competitive glass packaging market.

The Russian glass packaging market, after shrinking due to the government push to reduce alcohol consumption, displayed signs of recovery in 2019. Factors driving market growth in Russia include trends toward environmentally friendly packaging, increased health awareness, restrictions against the use of PET packaging in the beer industry and the growing consumer preference to dine out. In addition, Russia's horeca segment expanded, spurring consumption of glass packaging. The beer and wine sectors generate more than half of total demand in the Russian glass packaging market.

Turkey's glass packaging market shrank compared to the previous year. The market contracted due to declining consumption, especially in the beer and mineral water sectors, in parallel with the weakened economic environment. Other industries that the glass packaging sector provides input also demonstrated a weak performance. In response to these adverse conditions in the domestic market, Turkey's glass packaging producers increasingly turned to export markets.

5<sup>TH</sup> LARGEST  
GLASS PACKAGING  
MANUFACTURER  
IN EUROPE AND  
WORLDWIDE



## ACHIEVEMENTS IN 2019

Anadolu Cam Sanayii A.Ş. continued to grow in 2019 when the global environment was volatile, Turkey's economy faced major challenges, and competition intensified due to increasing production capacity in the domestic market. The Group recorded innovations that facilitated sustainable profitable growth along with increased exports. Committed to delivering value to customers, Anadolu Cam Sanayii A.Ş.'s Turkey operations boosted its sales volume to over 1 million tons in 2019.

During the year, Anadolu Cam Sanayii A.Ş. further increased its export volume by expanding its access to global markets. Thanks to implementing new marketing and sales strategies, exports accounted for 25% of total sales in Turkish operations. The Company's international sales make up 57% of total sales.

Anadolu Cam Sanayii A.Ş. continued to expand its production capacity at its facilities in Turkey. In 2019, the Company conducted the planned cold repair of Furnace A at the Yenişehir Plant and Furnace No. 30 at the Mersin Plant. Additional capacity of 80 thousand tons was completed with the new furnace investment at the Mersin facility. As a result of these investments, the Mersin Plant can now be positioned as an export center, by capitalizing on the area's logistics advantage and the facility's reduced costs.

In 2019, Anadolu Cam Sanayii A.Ş.'s sales increased 2% in terms of quantity. The Company's net turnover reached TRY 4,307 million, with 57% of sales revenue generated from overseas operations.

### Facilities and capacities

Anadolu Cam operates in four countries - Turkey, Russia, Ukraine and Georgia - with a total production capacity of 2.6 million tons/year.

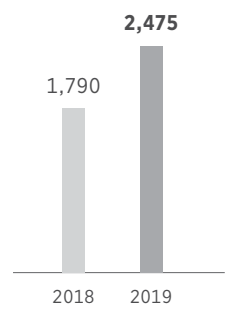
### Operations in Turkey

In 2019, Anadolu Cam Sanayii A.Ş. increased its furnace numbers to 12 by commissioning the fourth furnace at the Mersin Plant with a production capacity of 80 thousand tons/year. Anadolu Cam Sanayii A.Ş. conducts its production activities in Turkey at three facilities located in Mersin, Bursa, and Eskişehir.

While maintaining its leading position in the Turkish market, Anadolu Cam Sanayii A.Ş.'s sales to the mineral water sector, together with those to the food and alcoholic beverages sectors, constitutes approximately 79% of total domestic sales. Anadolu Cam Sanayii A.Ş. aims to consolidate its sales distribution by sector with a more balanced sales mix. Anadolu Cam Sanayii A.Ş. is also gradually expanding its capacity allocated to exports in accordance with its growth target in foreign markets.

**ANADOLU CAM  
SANAYİİ A.Ş.  
CONDUCTS  
BUSINESS  
OPERATIONS IN  
TURKEY, RUSSIA,  
UKRAINE AND  
GEORGIA WITH A  
TOTAL PRODUCTION  
CAPACITY OF  
2.6 MILLION TONS/  
YEAR.**

### International Sales TRY Million



## An Overview of 2019

In 2019, Anadolu Cam Sanayii A.Ş. reported a record breaking 1,067 thousand tons of sales in Turkey.

**890**

TRY MILLION

INVESTMENTS

In 2019, Anadolu Cam Sanayii A.Ş. focused on extending the endurance of glass packaging, lightening the products, improving new product processes, optimizing product and SKU, reducing process inputs and production wastes, using renewable energy, and boosting the recycling of glass.

#### Operations outside Turkey

Anadolu Cam Sanayii A.Ş. is the Georgian market leader as only glass packaging manufacturer in the country. In 2019, Anadolu Cam Sanayii A.Ş. recorded sales on par with the previous year. However, the mineral water sector accounted for a larger percentage of total sales.

During the year, Anadolu Cam Sanayii A.Ş. consolidated its position as the leading glass packaging supplier in the Russian market. The Company recorded the highest operational profitability and sales volume in local currency in 2019. In the first half of 2020, the Company plans to recommission the Pokrovsky Plant, closed in 2013, with a production capacity of 70 thousand tons/year. This move is aimed at maintaining market share and boosting profitability by making quality-focused capital investments with quick returns. The recommissioned facility will focus on the beer industry in both the local and export markets.

IN 2019, ANADOLU CAM SANAYİİ A.Ş. CONSOLIDATED ITS POSITION AS THE LEADING GLASS PACKAGING SUPPLIER IN THE RUSSIAN MARKET. THE COMPANY RECORDED ITS HIGHEST EVER OPERATIONAL PROFITABILITY AND SALES IN LOCAL CURRENCY.

#### TRY 890 million in capital investment spending

In 2019, Şişecam Glass Packaging successfully realized modernization, capacity and operational improvement investments totaling TRY 890 million in Turkey, Russia, and Georgia. Due to growing competition in the glass packaging market, Şişecam Glass Packaging has maintained a strategic focus on cost control, operational excellence, lean production and digitalization. In addition, the Company carried out various development and cost reduction efforts, leading to energy saving in all plants.

#### PRODUCT DESIGN WORKS AND AWARDS

The design teams of Şişecam Glass Packaging and Şişecam Glassware Groups were gathered under a single roof at Şişecam Group Research and Technological Development Centre as of 2018. The Centre is registered under the name of Şişecam Science, Technology and Design Centre by the Republic of Turkey, Ministry of Industry and Technology.

Diversifying its design works through this new organizational structure, Şişecam Science, Technology and Design Centre carries out Ministry approved R&D projects. Making a name for itself with domestic and international awards in 2019, Şişecam Science, Technology and Design Centre won the Red Dot Design Award: Brands & Communication Design 2019 at the Red Dot Design Award Competition with its Frederik Bottle designed for Türk Tuborg A.Ş. by Şişecam Glass Packaging. Featuring a unique design, the Frederik Bottle has won a total of seven international and national awards. Since 2006, the Centre has received a total of 74 awards, of which 18 were international, for its design work for Anadolu Cam Sanayii A.Ş.

#### Three awards for one design in 2019!

350 ml Tuborg Frederik Bottle

1. Design Turkey Competition, jointly organized by the Republic of Turkey Ministry of Trade, Turkey Exporters Assembly (TİM) and Industrial Designers Society of Turkey (ETMK) – Good Design Award
2. World Packaging Organization (WPO) – Worldstar Award
3. Red Dot – Brands & Communication Design Award





### University-Industry Collaboration Projects

For the past 12 years, Şişecam Science, Technology, and Design Centre has conducted joint project activities to support and develop the creative designs of university students in Industrial Design departments.

Under the Centre's University-Industry Cooperation initiative, 15 successful projects have been conducted to date with 11 Turkish universities.

On the 12<sup>th</sup> anniversary of the University-Industry Cooperation, a project was carried out with Eskişehir Anadolu University, Faculty of Fine Arts, Glass Department to discover different standpoints for glass packaging production, with the help of secondary processing. A glass packaging design project was also conducted with students at Özyeğin University, Industrial Design Department.

### We Add Glass to Life!

Anadolu Cam Sanayii A.Ş. engages in awareness-raising activities on the benefits of glass packaging. In 2019, the "Add Glass to Life (Hayata Cam Kat)" initiative, a standalone web platform, completed its eighth year. This unique project, now with nearly 100 thousand followers on the website and social media channels, is executed as a social responsibility effort.

Add Glass to Life is a successful initiative that has expanded organically. It is a standout among leading brands in the corporate blog category.

### Events

#### *Participation in the 25<sup>th</sup> Eurasia Packaging Fair*

Anadolu Cam Sanayii A.Ş. set visitor records at the 25<sup>th</sup> International Eurasia Packaging Fair organized by Packaging Manufacturers Association (ASD), of which it is also a member. The Fair, held October 23-26, 2019, played host to a record number of domestic and international visitors. The booth of Anadolu Cam Sanayii A.Ş. showcased branded products in addition to its standard product portfolio. The Company's recent national and international awards also drew the attention of visitors.

#### *Participation in the First International Packaging Congress*

Anadolu Cam Sanayii A.Ş. participated in the Packaging Congress held for the first time in 2019 and organized by the Packaging Manufacturers Association (ASD). The Company participated in the second day of the congress with the special session titled "Digitalized World and Turkey's Glass Packaging Industry." During the session, Şişecam Glass Packaging Marketing and Sales Vice President Burak Atalay delivered a presentation on "Opportunities for Turkish Glass Packaging Exports." In addition, Şişecam IT Strategy and Governance Manager Gökmen Eriş conducted a presentation on "Digitalization and the Glass Packaging Sector" and Şişecam Science and Technology Centre Design Chief Eda Yılmaz delivered a presentation on "Glass Packaging and Design." The congress, held at Swissôtel-Maçka in Istanbul on November 21-22, generated significant interest among visitors.

### ENVIRONMENTAL PRACTICES

Within the scope of its sustainability efforts, Anadolu Cam Sanayii A.Ş. has been maintaining its efforts to prevent/reduce wastes at source in the first place with a zero-waste approach and to maximize the recycling and reuse the inevitable wastes. The Group's waste management efforts include separation of waste according to its characteristics at the source, collection, temporary storage, recovery, transportation, disposal, and control after disposal processes. This approach is one of the core principles of the Group's strategic management and is integrated into every stage of its business processes. Anadolu Cam Sanayii A.Ş. aims at conducting all environment protection activities with an Environment Management System approach, in accordance with the legislation and according to sustainability principles.

ANADOLU CAM SANAYII A.Ş. CONDUCTS ITS OPERATIONS BY FOCUSING ON USING NATURAL RESOURCES IN AN OPTIMAL WAY, MINIMIZING ENVIRONMENTAL IMPACTS AND BOOSTING ENERGY EFFICIENCY.

## An Overview of 2019

# Anadolu Cam Sanayii A.Ş. continues efforts to generalize the culture of recycling in all its production and consumption processes.

**OPERATING IN AN ENERGY-INTENSIVE SECTOR, ANADOLU CAM SANAYİİ A.Ş. IS COMMITTED TO CONTINUOUSLY REDUCING ENERGY CONSUMPTION AND BOOSTING ENERGY EFFICIENCY.**

Anadolu Cam Sanayii A.Ş. performs the supplier inspections, which are jointly implemented by its three plants in Turkey, to assess the environmental impacts arising from its own activities, as well as its suppliers' environmental impact as planned by the head office. Action plans are prepared for breaches identified in audits, which cover quality, environment, occupational health and safety management systems and process related topics. Suppliers' improvement performance is closely monitored. During the reporting year, 34 suppliers were audited under this effort; action plans were requested for breaches discovered. At the same time, companies that perform waste recovery/disposal are audited as part of supplier inspection efforts.

Operating in a highly energy-intensive sector, Anadolu Cam Sanayii A.Ş. is committed to reducing energy use and boosting energy efficiency. The Company prioritizes reducing total greenhouse gas and flue outlet emissions and wastes. Şişecam Glass Packaging also takes measure to protect natural resources.

The obligations assumed under the environmental legislation are fulfilled by the Environmental Management Units established by the plants of Anadolu Cam Sanayii A.Ş.

Trainings on environmental law, waste management and environmental management system applications have been arranged for 4,322 employees and subcontractors, to increase their awareness on these key topics.

### Studies for using cullet

With the concept that glass is the most natural and healthy packaging material, Anadolu Cam Sanayii A.Ş. conducts all its activities with the understanding of eco-friendliness and sustainability. The company aims to use natural resources efficiently, reduce environmental effects to the lowest level, and constantly boost energy productivity. To these ends, Şişecam Glass Packaging plans to increase the use, amount and quality of recycled glass (cullet) at production plants in order to minimize the resource consumption. The company aims to support and continuously improve glass cullet suppliers by conducting quality and quantity premium practices. A total of 210 thousand tons of recycled glass was procured in 2019.

Şişecam Çevre Sistemleri A.Ş. undertakes efforts to bolster the glass-recycling infrastructure in Turkey. To this end, three companies were provided with financial support and consultancy services. A total of four glass recycling facilities, one of which belongs to the Group, have been installed. Production of furnace-ready cullet is now underway.

Within the scope of the project, as a result of recycled glass savings since 2011:

- 1,306,040 tons of glass were prevented from becoming waste,
- Energy savings were provided equivalent to meeting the heating and hot water needs of 54,854 households for one year,
- Carbon dioxide emissions equivalent to a distance of 10,000 km covered by 470,174 cars were prevented, and
- Carbon dioxide emission equivalent to the quantity of air cleaned by 40,324,727 trees in one year

have been prevented.

## EXPECTATIONS AND OBJECTIVES FOR 2020

In 2020, Anadolu Cam Sanayii A.Ş. will continue efforts to become a global player. The Company aims to expand its penetration and sales volume in export markets while maintaining market leadership in Turkey. Şişecam Glass Packaging plans to further embrace operational excellence in the face of changing global and Turkish glass packaging market dynamics.

Efforts to boost glass packaging production and encourage recycling thereof will continue apace within a framework of respect for people, nature, and the environment. As a leading glass packaging group, Şişecam Glass Packaging will focus on improving its competitiveness in both domestic and international markets in the coming year.

The Company remains committed to creating highly automated 'smart factories' featuring advanced technology production and boosting manufacturing efficiency in every area, with an Industry 4.0 approach. Anadolu Cam Sanayii A.Ş. combines its technological superiority with innovative and authentic perspective, and will continue to play an important role in the future of all stakeholders, particularly our employees and customers, as was the case in the past.

In 2020, the Company's strategic priorities will include being cost competitive; engaging in effective end-to-end supply chain and quality management; positioning itself as a preferred glass packaging supplier by enhancing customer loyalty and creating value for the customer; maintaining high levels of service quality, production efficiency and operational excellence.

## HUMAN RESOURCES

As of 2019 year-end, Anadolu Cam Sanayii A.Ş. employs 676 white-collar and 1,193 blue-collar employees in domestic operations; and 773 white-collar and 1,606 blue-collar in foreign operations, totaling 4,248 employees.

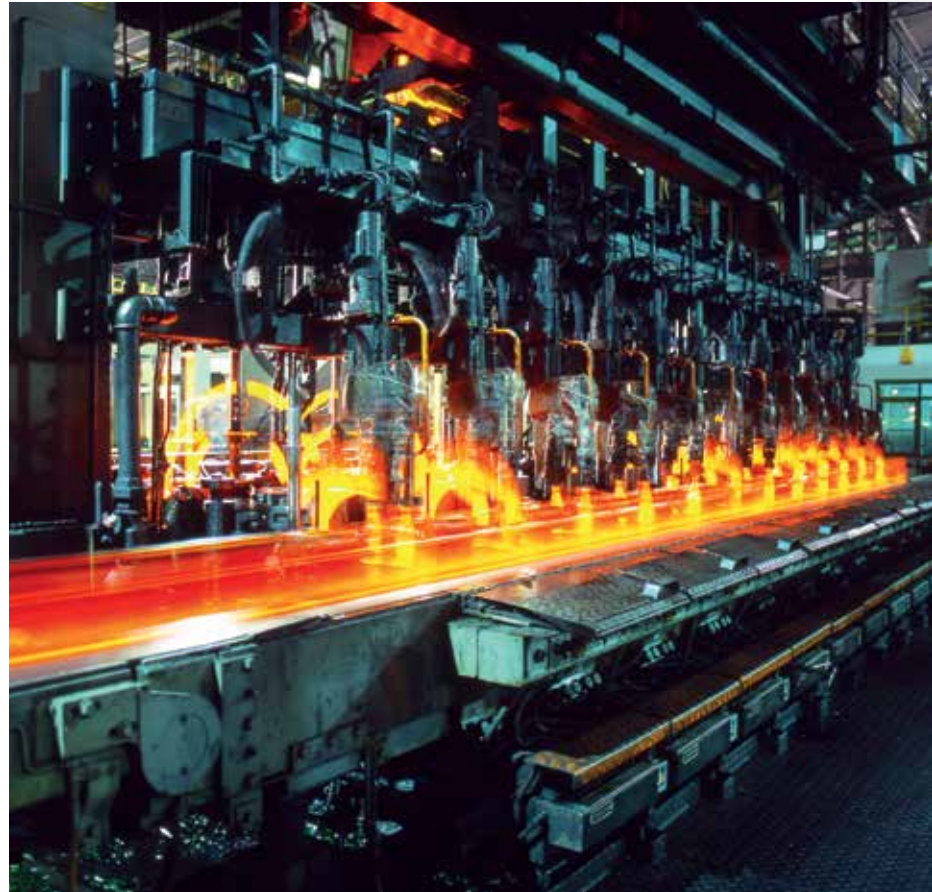
Şişecam Group conducts its human resources practices in line with corporate culture and values, according to international norms and the local legislations of the countries of operation, compatible to the Company's goals and strategies to contribute to the creation of sustainable competitive edge by means of continuous improvement.

All hiring processes at Şişecam Group are being managed without discrimination or privilege, by considering the competencies required for the job and the candidate's potential.

Şişecam's broad operational field, working opportunities, and development opportunities are shared with students and new-graduate candidates. Long term project internship application, implementing the projects to benefit Şişecam and students jointly, enables students to become parts of Şişecam Group and to gain experience before starting their work life. In addition, presentations and interviews are being conducted at university campuses.

Training and development activities are being conducted at Şişecam Group to support the employees' position-based competencies, professional qualifications, individual learning and development needs, and prepare them for their new positions. Training and development activities are conducted at Şişecam Academy, which is restructured with innovative methods and investments.

WHILE MAINTAINING  
ITS MARKET  
LEADERSHIP  
POSITION IN  
TURKEY, ANADOLU  
CAM SANAYİİ A.Ş.  
AIMS TO FURTHER  
EXPAND ITS  
PENETRATION AND  
SALES VOLUME IN  
EXPORT MARKETS  
AND REMAIN A  
GLOBAL PLAYER  
IN 2020.



## An Overview of 2019

# Anadolu Cam Sanayii A.Ş. aims to keep employee satisfaction at a high level across all its operations.

## ANADOLU CAM SANAYİİ A.Ş. CONDUCTS TRAININGS FOR EMPLOYEES ON REQUIREMENTS UNDER THE OCCUPATIONAL HEALTH AND SAFETY LAW.

Şişecam Group rewards projects that make a difference and positively affect the employees' work processes and outcomes. The suggestions that are in compliance with Group strategies and targets and create added-value are put to use via the "Suggestion Development Platform." As part of the Recognition and Appreciation practices, employees are remembered on their special days; their exemplary conduct and achievements in the company are also appreciated.

Şişecam Group aims at keeping the employee satisfaction at top level in all activities. Thus, the human resources processes are continuously reviewed to ensure their amelioration.

## INDUSTRIAL RELATIONS/OCCUPATIONAL HEALTH AND SAFETY

Anadolu Cam Sanayii A.Ş. arranges trainings for employees, on the legal liabilities under the Occupational Health and Safety Law. In addition, applications are developed and events are arranged for spreading the Occupational Health and Safety culture.

At the domestic and foreign affiliates, the industrial relationships process is being conducted within the framework of collective agreement and relationships in accordance with the law and the legislation, considering the dialog with the authorized domestic and foreign labor unions at the workplace, mutual understanding, protection of labor peace, and production continuity principles.

## RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

The Company carries out the risk management and internal audit activities under the direction of the "Early Risk Determination Committee" and the "Audit Committee" that are the subcommittees of the Board of Directors. Committee meetings are held periodically to discuss predetermined agenda items. The decisions taken and recommendations made at these meetings are recorded to be presented to the Board of Directors regularly. The Board of Directors is kept apprised of risk management and internal audit activities by these committees, and they also provide guidance as required.

Uncertainties in the global economy, intense inter-state conflicts and trade wars, security issues triggered by geopolitical factors, fast developing technology, dramatic consequences of climate change and natural disasters in addition to social strife have brought economic, political, technological and environmental risks to the forefront.

Global risks continue to affect the lives of people, companies and governments in new and unusual ways, most of which are uninsurable. This fact has differentiated the perspective on risks across the world. It has also greatly increased the importance and added value of risk management as a corporate discipline. As in previous years, the Group constantly monitored the effectiveness of its risk management and internal audit processes in 2019. These two functions, key components of corporate governance, were managed more effectively with a wider perspective. Within the framework of this structure, the existing and potential risks are addressed with a proactive approach and audit activities are maintained with a risk-focused view.

The internal audit and risk management functions should be designed to ensure that the functions of internal audit and risk management are carried out in the course of the work carried out to establish an institutional structure, to provide the necessary safeguards to the stakeholders, to protect the tangible and intangible assets, resources and environment of the Company, to minimize the losses arising from uncertainties, communication is kept at the highest level and it is aimed to support the decision making process and increase management efficiency.

### **Risk Management**

Risk management activities in Şişecam Group are addressed with a holistic and proactive approach and these activities are executed on the basis of corporate risk management principles. Exposure to all financial and nonfinancial risks as part of the operations are continuously monitored and assessed with the aim of determining the strategies to be implemented for the management of risks and taking the required actions.

### **Internal Audit**

In Şişecam Group, the purpose of internal audit efforts that have been continued for many years with a well-established and corporate structure is to help the Company in its development in a healthy manner, ensuring unity and harmony in practice, and carrying out effective, constructive, and efficient controls and taking corrective measures in a timely manner so that all operations are conducted in compliance with applicable legislation. Both the ordinary annual auditing program and other audits are influenced by results gathered from risk management activities, leading to a "risk focused auditing".

IN 2019, ANADOLU CAM SANAYİİ A.Ş. CONTINUOUSLY MONITORED THE EFFECTIVENESS OF ITS RISK MANAGEMENT AND INTERNAL AUDIT PROCESSES. AS A RESULT, THESE TWO FUNCTIONS, WHICH ARE KEY COMPONENTS OF CORPORATE GOVERNANCE, WERE MANAGED MORE EFFECTIVELY WITH A WIDER PERSPECTIVE.







## **ANADOLU CAM SANAYİİ A.Ş.**

CONVENIENCE TRANSLATION  
INTO ENGLISH OF CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY 2019 -  
31 DECEMBER 2019 TOGETHER  
WITH AUDITOR'S REPORT  
(ORIGINALLY ISSUED IN TURKISH)







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**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Anadolu Cam Sanayii A.Ş.**

### **A) Report on the Audit of the Consolidated Financial Statements**

#### **1) Opinion**

We have audited the consolidated financial statements of Anadolu Cam Sanayii A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

#### **2) Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **3) Key Audit Matters**

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



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Key Audit Matters	How key audit matters are addressed in the audit
<p><b>Implementation of hedge accounting</b></p>	
<p>The Group has started to apply cash flow hedge accounting by matching cross currency and interest rate swap contracts and forecasted Euro revenues with the payments of its financial liabilities to hedge from cash flow, exchange rate and interest risks within the scope of TFRS 9 in 2019. Calculations for the determination and valuation of derivative instruments are complex due to nature of transactions and these are recognized in the consolidated financial statements.</p> <p>As of 31 December 2019, the effect of hedge accounting is recognized in the shareholders' equity as TRY 21,597 thousand in the consolidated financial statements.</p> <p>In our audit, we have focused on this matter due to the following reasons;</p> <ul style="list-style-type: none"> <li>- The Group started to apply a new accounting policy within the scope of TFRS 9 Financial Instruments in order to hedge currency and interest risks,</li> <li>- There is significant impact on the Group's consolidated financial statements as of 31 December 2019.</li> <li>- The model designed for calculating the fair value of the structured cross currency swap transaction and the model created for hedge accounting include complex calculations and elements and the necessity of using our own experts to examine these calculations / models.</li> </ul> <p>The detailed explanations of hedge accounting are presented in Note 12 and 28.</p>	<p>The processes for the implementation of the hedge accounting of the Group's have been understood end-to-end and calculations subject to hedge accounting and financial models have been assessed by our experts. Transactions related to the cash flows in these financial models are tested</p> <ul style="list-style-type: none"> <li>- The parameters of the cross-currency swap transactions that have been used during the year and are currently within the Group have been verified by the contracts.</li> <li>- Calculations and financial models of hedge accounting were examined by our experts and the transactions based on the cash flows in the relevant models were tested through sampling.</li> <li>- Accounting records including the effects of these transactions on equity and profit or loss were evaluated.</li> </ul> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>



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<b>Deferred tax assets related to Investment Incentives and carry forward tax losses</b>	
<p>As of 31 December 2019, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2019, TRY 409,709 thousand of deferred tax assets were recognized within the scope of these investment incentive certificates.</p> <p>In addition, the Group has made an estimate of the recoverability of the deferred tax asset reflected in the financial statements, by considering the taxable profits for the future financial years and the periods in which the tax losses carried forward can be deducted from the tax base in various countries. Based on this estimate, a deferred tax asset amounting to TRY 141,372 thousand has been recognized for tax losses carried forward.</p> <p>There are uncertainties in estimating the future taxable profit, which determines whether deferred tax assets will be recognized or not. The evaluation process is based on estimates and assumptions, therefore, it is a key audit matter to assess the measurement and recoverability of deferred tax assets. Considering the sensitivity of the estimates and assumptions used and the size of the amounts, the focus was on the deferred tax assets of subsidiaries operating in Russia.</p> <p>Explanations on deferred tax assets are presented in Note 36 and the assumptions on their recoverability are presented in Note 2.</p>	<p>Our audit procedures include the assessment of the assumptions and estimations made by the Board of Directors, regarding the probability of generating sufficient future taxable profits based on the budgets and business plans and past experiences, the Group's tax position, our knowledge and experience regarding the timing of taxable profit forecasts and the implementation of the current tax legislation.</p> <p>Besides, in order to examine the impact on deferred tax assets recognized from investment incentives, tax experts are included in the audit team and the measurement of the related deferred tax assets are assessed.</p> <p>During our procedures, the consistency of the estimates has been evaluated and procedures have been applied to ensure that the Group's financial losses, tax practices and financial statements in various countries are complete and accurate.</p> <p>The compliance of the disclosures in the consolidated financial statements with TFRSs was also evaluated.</p>

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

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

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

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



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**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

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

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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**(Convenience translation of a report and consolidated financial statements originally issued in Turkish)**

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

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

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

#### **B) Report on Other Legal and Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 30 January 2020.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

30 January 2020  
İstanbul, Türkiye

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2019 AND 31 DECEMBER 2018

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

ASSETS	Notes	31 December 2019	31 December 2018
<b>Current Assets</b>			
Cash and cash equivalents	6	989,866	153,458
Financial investments	7	47,173	21,619
Trade receivables	10, 38	1,045,160	773,558
- Trade receivables due from related parties	38	2,354	2,877
- Trade receivables due from unrelated parties	10	1,042,806	770,681
Other receivables	11, 38	99,490	53,248
- Other receivables due from related parties	38	87,522	42,884
- Other receivables due from unrelated parties	11	11,968	10,364
Contract assets	15	15,017	-
Derivative financial assets	12	494	-
Inventories	13	614,104	419,254
Prepayments	14	43,361	43,548
Current tax assets	36	7,009	6,758
Other current assets	27	13,931	14,443
<b>Total Current Assets</b>		<b>2,875,605</b>	<b>1,485,886</b>
<b>Non-current Assets</b>			
Financial investments	7	346,570	327,801
Other receivables	11	585	500
Derivative financial assets	12	14,844	-
Investments accounted for using equity method	16	15,785	18,932
Investment property	17	73,742	77,911
Property, plant and equipment	18	3,476,037	2,736,694
Right of use assets	19	17,731	-
Intangible assets and goodwill	20, 21	8,121	5,325
- Goodwill	21	5,112	4,032
- Other intangible assets	20	3,009	1,293
Prepayments	14	46,412	93,407
Deferred tax asset	36	398,152	255,326
<b>Total Non-current Assets</b>		<b>4,397,979</b>	<b>3,515,896</b>
<b>TOTAL ASSETS</b>		<b>7,273,584</b>	<b>5,001,782</b>

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

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2019 AND 31 DECEMBER 2018

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

LIABILITIES	Notes	31 December 2019	31 December 2018
<b>Current Liabilities</b>			
Current borrowings	8	848,015	575,842
Current portion of non-current borrowings	8	403,941	242,951
Trade payables	10, 38	575,081	463,253
- Trade payables to related parties	38	170,069	97,378
- Trade payables to unrelated parties	10	405,012	365,875
Employee benefit obligations	25	3,997	2,788
Other payables	11, 38	49,041	33,635
- Other payables to related parties	38	26,647	18,599
- Other payables unrelated parties	11	22,394	15,036
Contract liabilities	15	9,086	-
Deferred income	14	10,885	9,562
Current tax liabilities	36	-	45
Current provisions	23,25	51,805	44,110
Other current liabilities	27	22,488	13,419
<b>Total Current Liabilities</b>		<b>1,974,339</b>	<b>1,385,605</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	8	2,398,426	1,239,811
Non-current provisions	25	70,312	63,224
Deferred tax liabilities	36	4,496	3,680
<b>Total Non-Current Liabilities</b>		<b>2,473,234</b>	<b>1,306,715</b>
<b>Total Liabilities</b>		<b>4,447,573</b>	<b>2,692,320</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of Parent</b>	<b>28</b>	<b>2,826,011</b>	<b>2,309,462</b>
Issued capital		750,000	750,000
Inflation adjustments on capital		1	1
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		720,036	650,061
Gains (losses) on revaluation and remeasurement		720,036	650,061
- Increases (Decreases) on revaluation of property, plant and equipment		718,903	651,671
- Gains (Losses) on remeasurements of defined benefit plans		1,133	(1,610)
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		(181,850)	(223,144)
- Exchange differences on translation		(203,447)	(223,144)
- Gains (Losses) on Hedge		21,597	-
Restricted reserves appropriated from profits		189,125	168,227
Prior years' profits or losses		821,475	513,574
Current period net profit or loss		527,224	450,743
<b>Total Equity</b>		<b>2,826,011</b>	<b>2,309,462</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,273,584</b>	<b>5,001,782</b>

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

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2019 AND 2018

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

	Notes	31 December 2019	31 December 2018
Revenue	29	4,307,225	3,230,556
Cost of sales	29	(2,873,601)	(2,254,878)
<b>Gross profit (loss) from commercial operations</b>		<b>1,433,624</b>	<b>975,678</b>
General administrative expenses	30,31	(261,488)	(218,060)
Marketing expenses	30,31	(539,942)	(342,994)
Research and development expenses	30,31	(2,193)	(1,089)
Other income from operating activities	32	100,426	184,033
Other expenses from operating activities	32	(41,064)	(137,837)
<b>Profit (Loss) from operating activities</b>		<b>689,363</b>	<b>459,731</b>
Investment activity income	33	79,873	121,074
Investment activity expenses	33	(4,018)	(26,012)
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	33	859	(3,418)
Share of profit (loss) from investments accounted for using equity method	16	2,046	3,318
<b>Profit (Loss) before financing income (expense)</b>		<b>768,123</b>	<b>554,693</b>
Finance income	34	129,390	250,465
Finance costs	34	(475,350)	(415,573)
<b>Profit (Loss) from continuing operations, before tax</b>		<b>422,163</b>	<b>389,585</b>
<b>Tax (expense) income, continuing operations</b>			
- Current period tax (expense) income	36	(19,818)	(12,106)
- Deferred tax (expense) income	36	124,879	73,264
<b>Profit (Loss)</b>		<b>527,224</b>	<b>450,743</b>
<b>Attributable to:</b>			
Non-controlling interest	28	-	-
<b>Owners of parent</b>	<b>37</b>	<b>527,224</b>	<b>450,743</b>
<b>Earnings per share</b>	<b>37</b>	<b>0,7030</b>	<b>0,6010</b>

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



# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2019 AND 2018

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

	Notes	31 December 2019	31 December 2018
<b>Profit (Loss)</b>	28	527,224	450,743
<b>Other comprehensive income</b>			
<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	28	69,975	156,098
Gains (Losses) on Revaluation of Property, Plant and Equipment		83,209	179,860
Gains(Losses) on Remeasurement of Defined Benefit Plans		3,398	3,807
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for using Equity Method that will not be Reclassified to Profit or Loss		32	13
Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss		(16,664)	(27,582)
<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	28	46,365	(120,738)
Exchange Differences on Translation		24,768	(120,886)
Cash Flow Hedging		27,689	181
Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss		(6,092)	(33)
<b>Other Comprehensive Income (Loss)</b>		116,340	35,360
<b>Total Comprehensive Income (Loss)</b>		643,564	486,103
<b>Attributable to:</b>		643,564	486,103
- Non-controlling interest		-	-
- Owners of Parent		643,564	486,103
<b>Earnings per share</b>	37	0,8581	0,6481

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

## ANADOLU CAM SANAYİİ A.Ş.

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2019 AND 2018

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

	Issued Capital	Adjustments on Capital	Inflation Capital	Other Accumulated Comprehensive Income that will not be reclassified in profit or loss	Other Accumulated Comprehensive Income that will be reclassified in profit or loss	Restricted Reserves	Prior Years' Profits or Losses	Net profit or Loss	Equity Attributable to Owners of Parent	Equity
<b>Balance at 1 January 2019</b>	<b>750,000</b>	<b>1</b>	<b>650,061</b>	<b>(223,144)</b>	<b>168,227</b>	<b>513,574</b>	<b>450,743</b>	<b>2,309,462</b>	<b>2,309,462</b>	<b>2,309,462</b>
Adjustments related to accounting policy changes (Note 2.3)	-	-	-	-	-	(2,157)	-	(2,157)	(2,157)	(2,157)
<b>Restated Balances</b>	<b>750,000</b>	<b>1</b>	<b>650,061</b>	<b>(223,144)</b>	<b>168,227</b>	<b>511,417</b>	<b>450,743</b>	<b>2,307,305</b>	<b>2,307,305</b>	<b>2,307,305</b>
Transfers	-	-	-	(5,071)	20,898	434,916	(450,743)	-	-	-
Total comprehensive income(loss)	-	-	69,975	46,365	-	-	527,224	643,564	643,564	643,564
Dividends paid	-	-	-	-	-	(124,858)	-	(124,858)	(124,858)	(124,858)
<b>Balance at 31 December 2019</b>	<b>750,000</b>	<b>1</b>	<b>720,036</b>	<b>(181,850)</b>	<b>189,125</b>	<b>821,475</b>	<b>527,224</b>	<b>2,826,011</b>	<b>2,826,011</b>	<b>2,826,011</b>
<b>Balance at 1 January 2018</b>	<b>750,000</b>	<b>1</b>	<b>493,963</b>	<b>(102,406)</b>	<b>157,348</b>	<b>412,040</b>	<b>181,317</b>	<b>1,892,263</b>	<b>1,892,263</b>	<b>1,892,263</b>
Adjustments related to accounting changes	-	-	-	-	-	(1,021)	-	(1,021)	(1,021)	(1,021)
<b>Restated Balances</b>	<b>750,000</b>	<b>1</b>	<b>493,963</b>	<b>(102,406)</b>	<b>157,348</b>	<b>411,019</b>	<b>181,317</b>	<b>1,891,242</b>	<b>1,891,242</b>	<b>1,891,242</b>
Transfers	-	-	-	-	10,879	170,438	(181,317)	-	-	-
Total comprehensive income(loss)	-	-	156,098	(120,738)	-	-	450,743	486,103	486,103	486,103
Dividends paid	-	-	-	-	-	(67,883)	-	(67,883)	(67,883)	(67,883)
<b>Balance at 31 December 2018</b>	<b>750,000</b>	<b>1</b>	<b>650,061</b>	<b>(223,144)</b>	<b>168,227</b>	<b>513,574</b>	<b>450,743</b>	<b>2,309,462</b>	<b>2,309,462</b>	<b>2,309,462</b>

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2019 AND 2018

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

	Notes	31 December 2019	31 December 2018
<b>A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>			
<b>Profit (Loss)</b>	<b>28</b>	<b>527,224</b>	<b>450,743</b>
<b>Adjustments To Reconcile Profit (Loss)</b>			
Adjustments For Depreciation And Amortisation Expense	18, 19, 20	439,449	341,407
Adjustments For Impairment Loss (Reversal Of Impairment Loss)	6, 7, 10, 11, 13, 27	6,580	12,453
Adjustments For Provisions	23, 25	24,859	40,726
Adjustments For Interest (Income) Expenses	8, 10, 32, 34	287,027	141,889
Adjustments For Unrealised Foreign Exchange Losses (Gains)	8, 32, 34	73,081	-5,223
Adjustments For Fair Value Losses (Gains)	7, 33	(67,105)	(119,102)
Adjustments For Undistributed Profits Of Investments Accounted For Using Equity Method	16	(2,046)	(3,318)
Adjustments For Tax (Income) Expenses	36	(105,061)	(61,158)
Adjustments For Losses (Gains) On Disposal Of Non-Current assets	33	(8,750)	14,326
Other Adjustments To Reconcile Profit (Loss)	7, 27	416	(395)
<b>Changes in Working Capital</b>			
Adjustments For Decrease (Increase) In Trade Accounts Receivable	10, 32, 38	(269,987)	(201,639)
Adjustments For Decrease (Increase) In Other Receivables Related With Operations	11, 38	(51,115)	(44,130)
Adjustments For Decrease (Increase) in Contract Assets	15	(15,017)	-
Decrease(Increase) In Derivative Financial Assets	12	6,337	2,149
Adjustments For Decrease (Increase) In Inventories	13	(197,908)	(95,170)
Adjustments For Increase (Decrease) In Trade Accounts Payable	10, 34, 38	108,784	196,638
Adjustments For Increase (Decrease) in Contract Liabilities	15	9,086	-
Adjustments For Increase (Decrease) In Other Operating Payables	11, 14, 27, 38	17,939	(70,987)
Increase (Decrease) In Derivative Financial Liabilities	12, 33	-	(12,491)
Other Adjustments For Other Increase (Decrease) In Working Capital	6, 7, 14, 15, 27, 36	16,105	(9,486)
<b>Cash Flows From (used in) Operations</b>			
		<b>799,898</b>	<b>577,232</b>
Interest Paid	8, 32, 34, 38	(277,982)	(157,000)
Interest Received	32, 34, 38	5,149	1,299
Payments Related With Provisions For Employee Benefits	16, 25, 28, 36	(6,677)	(5,627)
Income Taxes Refund (Paid)	36	(28,535)	(18,767)
<b>B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>			
		<b>(761,163)</b>	<b>(724,021)</b>
Cash receipts from sales of equity or debt instruments or other entities	7	5,004	-
Proceeds from sales of property, plant, equipment and intangible assets	8, 18, 20	20,284	6,415
Purchase of property, plant, equipment and intangible assets	8, 11, 18, 20	(889,932)	(693,949)
Cash advance and loans made to other parties	14	52,980	(72,270)
Dividend received	16, 27, 33	5,216	1,044
Interest received	6,7,34	45,400	34,944
Other inflows / (outflow) of cash	10, 11, 27	(115)	(205)
<b>C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>			
		<b>960,311</b>	<b>(265,266)</b>
Proceeds from borrowing	8	5,397,155	3,978,626
Repayments of borrowings	8	(4,300,987)	(4,176,009)
Payments of lease liabilities	8	(10,999)	-
Dividends paid	28	(124,858)	(67,883)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)</b>			
		<b>691,001</b>	<b>(592,150)</b>
<b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		<b>145,081</b>	<b>178,042</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>			
		<b>836,082</b>	<b>(414,108)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
	<b>6</b>	<b>153,581</b>	<b>567,689</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>			
	<b>6</b>	<b>989,663</b>	<b>153,581</b>

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

The Group's activities consist of glass packaging manufacturing and sales. From the Turkey perspective, production takes place in Mersin, Bursa/Yenişehir and Eskişehir factories. All marketing and selling activities of the Company are managed by its "Sales and Management Centre". Its export sales are managed by Şişecam Dış Ticaret A.Ş. The Company's shares are traded on Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("ISE"), since 1986. Türkiye Şişe ve Cam Fabrikaları A.Ş. holds 77.27% of the shares in the Company and has control in the management as of December 31, 2019.

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

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

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

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

Telefon : + 90 (850) 206 50 50

Faks : + 90 (850) 206 57 57

<http://www.sisecamcamambalaj.com>

#### The Company Trade Registry Information

Registered Trade Office: Istanbul Registry of Commerce Office

Registered no: 103040

Central registration system no: 0068006233600015

#### Personnel Structure of the Group

	31 December 2019	31 December 2018
Personnel paid on a monthly basis	1,449	1,438
Personnel paid on a hourly basis	2,799	2,769
<b>Total</b>	<b>4,248</b>	<b>4,207</b>

Within the total number of personnel of the Group in 2019, there are no employees in the associate which is accounted for under equity method. (31 December 2018: none )

#### Companies included in consolidation:

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### Subsidiaries:

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

	31 December 2019		31 December 2018	
	Direct and indirect Ownership (%)	Effective ownership (%)	Direct and indirect Ownership (%)	Effective ownership (%)
OOO Ruscam Glass Packaging Holding	100.00	100.00	100.00	100.00
OOO Energosystems	100.00	100.00	100.00	100.00
OOO Ruscam Management Company	100.00	100.00	100.00	100.00
JSC Mina	100.00	100.00	100.00	100.00
CJSC Brewery Pivdenna	100.00	100.00	100.00	100.00
Merefa Glass Company Ltd.	100.00	100.00	100.00	100.00
Anadolu Cam Investment B.V.	100.00	100.00	100.00	100.00
Sisecam Glass Packaging B.V. (*)	100.00	100.00	100.00	100.00
AC Glass Holding B.V.	100.00	100.00	100.00	100.00

#### Associate:

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

	31 December 2019		31 December 2018	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Camiş Elektrik Üretim A.Ş.	26.09	26.09	26.09	26.09

(\*) As of 13 August 2019, title of the subsidiary Balsand B.V. has been changed into Sisecam Glass Packaging B.V. Furthermore, core business of the Company has been changed to financing, investment, and glass packaging sale.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.1 Basis of Presentation

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

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the consolidated financial statements of the Group have been prepared accordingly.

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

#### Presentation and Functional Currency

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

#### Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's decision No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards TAS/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 associate have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.1 Basis of Presentation (Continued)

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

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

##### Financial Statements of Foreign Subsidiaries

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

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

Currency	31 December 2019		31 December 2018	
	Period	Period	Period	Period
	End	Average	End	Average
US Dollar	5.94020	5.67117	5.26090	4.83013
Euro	6.65060	6.34805	6.02800	5.67894
Russian Rubles	0.09552	0.08719	0.07534	0.07606
Georgian Lari	2.07142	2.01165	1.96552	1.90572
Ukrainian Grivna	0.25079	0.21950	0.19000	0.17757

##### Consolidation Principles

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

##### Subsidiaries

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

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.1 Basis of Presentation (Continued)

##### Subsidiaries (Continued)

Note 1 sets out all subsidiaries included in the scope of consolidation and show their ownership and effective interests as of 31 December 2019 and 31 December 2018.

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

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

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

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

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

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

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



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.1 Basis of Presentation (Continued)

##### Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The equity method is used for accounting of associate. Note 1 sets out the Associate included in the scope of consolidation by using equity method as of 31 December 2019 and 31 December 2018.

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

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

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

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

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

#### 2.2 Statement of Compliance with TAS

The Group prepared the accompanying consolidated financial statements as of 31 December 2019 in accordance with the Communiqué Serial II. No 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with the reporting formats recommended by CMB compulsory explanation.

#### 2.3 Significant Changes in the Accounting Policies

The accounting policies applied in the preparation of the consolidated financial statements as of 1 January – 31 December 2019 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2018. except for the new TFRS 16 Leases standard. which are valid as of 1 January 2019.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.3 Significant Changes in the Accounting Policies (Continued)

##### Impacts on Consolidated Financial Statements

The group applied TFRS 16 Leases standard effective from 1 January 2019 and financial statements effects of these standards are explained below; applied actual accounting policy is explained on Note 2.6.

In the application of TFRS 16 Leases Standard. the group have benefited from an exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of TFRS 16 are recognized in retained earnings as of 1 January 2019.

The cumulative effects of the application of TFRS 16 to the statement of financial position as of 31 December 2018 are presented below:

##### Consolidated Financial Position

		31 December 2018 Excluding Impacts	TFRS 16 Impacts	31 December 2018 Including Impacts
<b>ASSETS</b>	<b>Notes</b>			
<b>Total Current Assets</b>		<b>1,485,886</b>	<b>-</b>	<b>1,485,886</b>
Right of use assets	19	-	26,585	26,585
Deferred tax assets	36	255,326	605	255,931
Non- current assets other than above		3,260,570	-	3,260,570
<b>Total Non-current Assets</b>		<b>3,515,896</b>	<b>27,190</b>	<b>3,543,086</b>
<b>TOTAL ASSETS</b>		<b>5,001,782</b>	<b>27,190</b>	<b>5,028,972</b>
Current portion of long-term borrowings	8	242,951	9,842	252,793
Current liabilities other than above		1,142,654	-	1,142,654
<b>Total Current Liabilities</b>		<b>1,385,605</b>	<b>9,842</b>	<b>1,395,447</b>
Long-term borrowings	8	1,239,811	19,505	1,259,316
Long-term liabilities other than above		66,904	-	66,904
<b>Total Non-Current Liabilities</b>		<b>1,306,715</b>	<b>19,505</b>	<b>1,326,220</b>
<b>TOTAL LIABILITIES</b>		<b>2,692,320</b>	<b>29,347</b>	<b>2,721,667</b>
<b>Equity Attributable to Owners of Parent</b>		<b>2,309,462</b>	<b>(2,157)</b>	<b>2,307,305</b>
Accumulated profit or losses	28	513,574	(2,157)	511,417
Equity items other than above	28	1,795,888	-	1,795,888
<b>TOTAL EQUITY</b>		<b>2,309,462</b>	<b>(2,157)</b>	<b>2,307,305</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect 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 period ended 31 December 2019 are consistent with those used in the preparation of financial statements for the year ended 31 December 2018.

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

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

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at December 31, 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2019. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

#### *New standard, amendments and interpretations effective from 1 January 2019*

##### *TFRS 16 Leases*

In April 2018, POA has published a new standard. TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

##### *Transition to TFRS 16:*

The Group adopted TFRS 16 using the [modified retrospective approach.

Group elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. Group has leases of certain office equipment (i.e. photocopying machines) that are considered of low value.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### *New standards, amendments and interpretations effective from 1 January 2019 (continued)*

##### *Amendments to TAS 28 "Investments in Associates and Joint Ventures" (Amendments)*

In December 2017, POA issued amendments to TAS 28 *Investments in Associates and Joint Ventures*. The amendments clarify that a company applies TFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 *Financial Instruments* excludes interests in associates and joint ventures accounted for in accordance with TAS 28 *Investments in Associates and Joint Ventures*. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

These amendments are applied for annual periods beginning on or after 1 January 2019.

The amendments did not have a significant impact on the financial position or performance of the Group.

##### *IFRIC 23 Uncertainty over Income Tax Treatments*

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

##### *Annual Improvements – 2015–2017 Cycle*

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 *Business Combinations* and TFRS 11 *Joint Arrangements* — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 *Income Taxes* — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 *Borrowing Costs* — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019.

The amendments did not have a significant impact on the financial position or performance of the Group.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### *New standards, amendments and interpretations effective from 1 January 2019 (Continued)*

##### **Plan Amendment, Curtailment or Settlement (Amendments to TMS 19)**

In January 2019, the POA published Amendments to TAS 19 “Plan Amendment, Curtailment or Settlement” The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

The amendments are effective from annual periods beginning on or after 1 January 2019.

Overall, the amendments did not have a significant impact on the financial position or performance of the Group.

##### **Prepayment Features with Negative Compensation (Amendments to TFRS 9)**

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019.

Overall, the amendments did not have a significant impact on the financial position or performance of the Group.

#### a. Standards issued as of 30 September 2019, but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed 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.

Overall, the Group expects no significant impact on its financial position or performance of the Group.

##### **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 2021; early application is permitted.

Overall, It's not the valid for the Group and did not have a significant impact on the financial position or performance of the Group.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### 2.5. Amendments in Turkish Financial Reporting Standards ("TFRS") (Continued)

##### b. The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) as of 31 December 2019, but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing TFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing TFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

In May 2019, POA issued amendments to the definition of a business in TFRS 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 TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

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

In June 2019, 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 IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

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

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

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

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

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

On January 23, 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 is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

#### 2.6 Summary of Significant Accounting Policies

##### Revenue

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

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

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

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

##### Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit. Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

##### Dividend Income

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

##### Inventories

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

##### Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Intangible Assets

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

#### Investment Properties

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

#### Derivative and Hedging Instruments

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



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

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

##### Cash Flow Hedge

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

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

##### Hedge accounting:

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

##### Impairment of Assets

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

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

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

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

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

##### Lease liabilities

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

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

The lease payments include

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

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

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

After the commencement date,

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

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

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

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

##### Borrowing Costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings (Note 8 and Note 34).

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

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### Related Parties

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

##### Offsetting

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

##### Financial Assets

##### Classification

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

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

##### Recognition and Measurement

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

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### Recognition and Measurement (Continued)

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

Provision for loss measured as below;

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

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

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

##### **Trade Recivables**

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

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables. carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach. Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason. If the amount of the impairment subsequently decreases due to an event occurring after the write-down. the reversal of the provision is credited to other operating income. (Note 10 and Note 32).

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

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

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

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

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

##### Cash and cash equivalents

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

##### Financial Liabilities

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

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

##### Equity Instruments

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

##### Other Financial Liabilities

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

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

##### 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).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### Business Combinations and Goodwill

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

The cost of a business combination is the fair value, at the date of Exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

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

##### Foreign Currency Transactions

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

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### Earnings per Share

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

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

##### Subsequent Events

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

##### Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date considering the risks and uncertainties surrounding the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23).

##### Segment Reporting

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

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

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

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

##### Government grants

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

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

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

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

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

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

##### Current and Deferred Income Tax

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

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

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

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

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

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

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

##### Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All remeasurements differences stemmed from actuarial changes are recognized in the consolidated statements of other comprehensive income (Note 25).

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

##### Statement of Cash Flows

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

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

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

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



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

#### 2.7. Significant Accounting Estimates and Assumptions

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

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

As a result of the assessment of Group Management, a deferred income tax asset amounting TRY 141,372 thousand (31 December 2018: TRY 126,502 thousand) results from temporary differences as of 31 December 2019 that are arising from unused carry forward tax losses and can be used as long as the tax allowances to continue. The Group is entitled with corporate tax allowances (in accordance with Corporate Tax Law No. 5520. article 32/A). As of 31 December 2019, 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 409,709 thousand (31 December 2018: TRY 236,206 thousand) (Note 36).

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

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

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on the method of reference comparison. In other case, cost approach method were used.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location. Size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market. Also, current information and experience of the professional valuation company was utilized.

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

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

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

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

#### 2.7. Significant Accounting Estimates and Assumptions (continued)

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

### 3. BUSINESS COMBINATIONS

There is no business combination between 1 January and 31 December 2019 within the scope of TFRS 3 "Business Combinations" standard (2018: None).

### 4. INTEREST IN OTHER ENTITIES

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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### 5. SEGMENT REPORTING

#### Geographical segments

	1 January – 31 December 2019	Turkey	Russia, Ukraine and Georgia	Netherlands	Consolidation adjustments	Consolidated
Revenue from third parties	2,494,403	1,812,822	-	-	-	4,307,225
Revenue from Group companies	620	11,287	-	-	(11,907)	-
<b>Total net sales (*)</b>	<b>2,495,023</b>	<b>1,824,109</b>	<b>-</b>	<b>-</b>	<b>(11,907)</b>	<b>4,307,225</b>
Cost of sales (-)	(1,687,339)	(1,191,337)	-	-	5,075	(2,873,601)
<b>Gross profit from commercial operations</b>	<b>807,684</b>	<b>632,772</b>	<b>-</b>	<b>-</b>	<b>(6,832)</b>	<b>1,433,624</b>
Operating expenses (-)	(445,380)	(365,581)	(1,023)	-	8,361	(803,623)
Other income from operating activities	74,159	29,210	121	-	(3,064)	100,426
Other expenses from operating activities (-)	(15,075)	(12,652)	(54)	-	(13,283)	(41,064)
<b>Operating profit/(loss)</b>	<b>421,388</b>	<b>283,749</b>	<b>(956)</b>	<b>-</b>	<b>(14,818)</b>	<b>689,363</b>
Income from investing activities	68,113	11,760	-	-	-	79,873
Expense from investing activities (-)	-	(4,018)	-	-	-	(4,018)
Impairment gains (losses) and impairment gains (losses) reversals determined in accordance with TFRS 9	859	-	-	-	-	859
Income from investments accounted for using equity method	2,046	-	-	-	-	2,046
<b>Operating profit before financial income and expense</b>	<b>492,406</b>	<b>291,491</b>	<b>(956)</b>	<b>-</b>	<b>(14,818)</b>	<b>768,123</b>
Financial income	98,935	34,170	7,179	-	(10,894)	129,390
Financial expense (-)	(333,607)	(144,407)	(16,144)	-	18,808	(475,350)
<b>Profit/(loss) before tax from continued operations</b>	<b>257,734</b>	<b>181,254</b>	<b>(9,921)</b>	<b>-</b>	<b>(6,904)</b>	<b>422,163</b>
Tax income/(expense) for the period	139,770	(34,310)	-	-	(399)	105,061
<b>Profit/(Loss) for the period</b>	<b>397,504</b>	<b>146,944</b>	<b>(9,921)</b>	<b>-</b>	<b>(7,303)</b>	<b>527,224</b>
Purchases of tangible and intangible assets	709,615	180,317	-	-	-	889,932
Purchase of right of assets	1,341	-	-	-	-	1,341
Depreciation and amortization charges	(247,483)	(191,966)	-	-	-	(439,449)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)(**)</b>	<b>739,889</b>	<b>483,457</b>	<b>(9,921)</b>	<b>-</b>	<b>(14,818)</b>	<b>1,207,572</b>
<b>Statement of financial position (31 December 2019)</b>						
Total assets	6,106,491	2,315,734	3,256,946	-	(4,405,587)	7,273,584
- Investments accounted for under equity method	15,785	-	-	-	-	15,785
- Deferred tax assets	295,473	102,578	-	101	-	398,152
Total liabilities	2,606,296	1,556,980	394,166	-	(113,869)	4,447,573
- Deferred tax liabilities	-	4,496	-	-	-	4,496

(\*) Distribution of net sales by geographical regions is given according to the countries where the sales are performed.  
(\*\*) EBITDA: Not defined by TMS. The Group defined EBITDA as profit before interest, depreciation and tax. The EBITDA amounts disclosed are shown separately by the Group management for a better understanding and measurement of the Group's operational performance.

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### 5. SEGMENT REPORTING (continued)

#### Geographical segments

	Turkey	Russia, Ukraine and Georgia	Netherlands	Consolidation adjustments	Consolidated
<b>1 January – 31 December 2018</b>					
Revenue from third parties	1,797,206	1,433,350	-	-	3,230,556
Revenue from Group companies	557	31,594	-	(32,151)	-
<b>Total net sales (*)</b>	<b>1,797,763</b>	<b>1,464,944</b>	-	<b>(32,151)</b>	<b>3,230,556</b>
Cost of sales (-)	(1,279,446)	(1,006,513)	-	31,081	(2,254,878)
<b>Gross profit</b>	<b>518,317</b>	<b>458,431</b>	-	<b>(1,070)</b>	<b>975,678</b>
Operating expenses (-)	(290,349)	(269,816)	(6,981)	5,003	(562,143)
Other income from operating activities	155,260	17,746	272	10,755	184,033
Other expenses from operating activities (-)	(82,513)	(16,782)	-	(38,542)	(137,837)
<b>Operating profit/(loss)</b>	<b>300,715</b>	<b>189,579</b>	<b>(6,709)</b>	<b>(23,854)</b>	<b>459,731</b>
Income from investing activities	119,102	2,192	-	(220)	121,074
Expense from investing activities (-)	(3,154)	(22,858)	-	-	(26,012)
Impairment gains (losses) and impairment reversals determined in accordance with TFRS 9	(3,418)	-	-	-	(3,418)
Income from investments accounted for using equity method	3,318	-	-	-	3,318
<b>Operating profit before financial income and expense</b>	<b>416,563</b>	<b>168,913</b>	<b>(6,709)</b>	<b>(24,074)</b>	<b>554,693</b>
Financial income	180,915	82,149	6,427	(19,026)	250,465
Financial expense (-)	(241,539)	(207,157)	(8,563)	41,686	(415,573)
<b>Profit/(loss) before tax from continued operations</b>	<b>355,939</b>	<b>43,905</b>	<b>(8,845)</b>	<b>(1,414)</b>	<b>389,585</b>
Tax income/(expense) for the period	75,004	(14,219)	-	373	61,158
<b>Profit/(Loss) for the period</b>	<b>430,943</b>	<b>29,686</b>	<b>(8,845)</b>	<b>(1,041)</b>	<b>450,743</b>
Purchases of tangible and intangible assets	536,167	157,782	-	-	693,949
Purchase of right-of-use asset	-	-	-	-	-
Depreciation and amortization charges	(174,973)	(166,434)	-	-	(341,407)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)(**)</b>	<b>591,536</b>	<b>335,347</b>	<b>(6,709)</b>	<b>(24,074)</b>	<b>896,100</b>
<b>Statement of financial position (31 December 2018)</b>					
Total assets	4,292,329	1,815,030	2,835,479	(3,941,056)	5,001,782
- Investments accounted for under equity method	18,932	-	-	-	18,932
- Deferred tax assets	159,059	95,769	-	498	255,326
Total liabilities	1,088,457	1,432,332	262,204	(90,673)	2,692,320
- Deferred tax liabilities	-	3,680	-	-	3,680

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 6. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash on hand	1	7
Cash at banks	991,091	153,587
- Demand deposits	53,253	31,440
- Time deposits (with maturities of three months or less) (*)	937,838	122,147
Provision for losses	(1,226)	(136)
	<b>989,866</b>	<b>153,458</b>

(\*) Time deposits does not contains restricted cash (31 December 2018: none)

#### Time deposits

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

Currency	Interest Rate (%)	Maturity	31 December 2018
US Dollar	2,1 – 3,2	2019	37,463
Euro	1,0 – 1,9	2019	73,385
Turkish Lira	17,0 – 20,4	2019	7,380
Others (TL equivalent)		2019	3,919
			<b>122,147</b>

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

	2019	2018
January 1	(136)	(124)
Expense for the period	(1,090)	(12)
<b>31 December</b>	<b>(1,226)</b>	<b>(136)</b>

Cash and cash equivalents as of 31 December 2019 and 31 December 2018 presented in the consolidated statement of cash flows are as follows:

	31 December 2019	31 December 2018
Cash and cash equivalents	989,866	153,458
Effect of Interest accrual	(1,429)	(13)
Effect of Impairment	1,226	136
	<b>989,663</b>	<b>153,581</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 7. FINANCIAL INVESTMENTS

a) Short-term financial investments	31 December 2019	31 December 2018
Financial investments measured at amortized cost (*)	47,568	22,104
Provision for impairment	(395)	(485)
<b>Total short term financial investments</b>	<b>47,173</b>	<b>21,619</b>

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

### b) Long-term financial investments

#### Financial investments measured at amortized cost

	31 December 2019	31 December 2018
Financial investments measured at amortized cost	352,933	336,160
Provision for losses	(6,363)	(8,359)
<b>Total long term financial investments</b>	<b>346,570</b>	<b>327,801</b>

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

	2019	2018
1 January	358,265	256,188
Valuation difference	67,105	119,102
Collected interest	(19,865)	(17,026)
Collected principal	(5,004)	-
<b>31 December</b>	<b>400,501</b>	<b>358,264</b>

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

	2019	2018
1 January	(8,844)	(1,486)
Expense for the period	2,086	(7,358)
<b>31 December</b>	<b>(6,758)</b>	<b>(8,844)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 7. FINANCIAL INVESTMENTS (Continued)

#### Financial assets measured at amortized cost

Marketable security issuer	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	91,203	80,660
Türkiye Halk Bankası A.Ş.	68,934	60,599
Türkiye Sınai Kalkınma Bankası A.Ş.	45,019	40,627
Turkcell İletişim Hizmetleri A.Ş.	39,214	34,826
Türkiye Vakıflar Bankası T.A.O.	39,120	34,503
Türkiye Garanti Bankası A.Ş.	34,377	30,446
Arçelik A.Ş.	34,446	30,434
Yapı ve Kredi Bankası A.Ş.	20,559	21,897
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	12,614	11,022
Ziraat Bankası A.Ş.	11,508	10,164
Türk Eximbank	2,316	2,034
Finansbank A.Ş.	1,191	1,052
Provision for impairment (-)	(6,758)	(8,844)
<b>Eurobond (*)</b>	<b>393,743</b>	<b>349,420</b>

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

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

Marketable security issuer	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	92,308	74,118
Türkiye Halk Bankası A.Ş.	67,094	53,214
Türkiye Sınai Kalkınma Bankası A.Ş.	45,420	37,719
Türkiye Vakıflar Bankası T.A.O.	39,598	31,913
Turkcell İletişim Hizmetleri A.Ş.	39,315	31,237
Türkiye Garanti Bankası A.Ş.	34,932	28,846
Arçelik A.Ş.	35,335	28,026
Yapı ve Kredi Bankası A.Ş.	20,631	20,619
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	13,114	10,767
Ziraat Bankası A.Ş.	11,508	9,487
Türk Eximbank	2,385	1,945
Finansbank A.Ş.	1,200	997
	<b>402,840</b>	<b>328,888</b>

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

Collection period	31 December 2019	31 December 2018
Less than 3 months	20,719	2,568
3 – 12 months	26,849	19,536
1 – 5 years	323,302	306,240
More than 5 years	29,631	29,920
	<b>400,501</b>	<b>358,264</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 8. BORROWINGS

Current financial borrowings	31 December 2019	31 December 2018
Short-term borrowings	838,576	575,842
Operational lease payables	12,446	-
Deferred operating lease borrowing costs (-)	(3,007)	-
<b>Total short-term borrowings</b>	<b>848,015</b>	<b>575,842</b>
Current portion of long-term borrowings	31 December 2019	31 December 2018
Current portion of long-term borrowings' principals and interest accruals	28,663	240,543
Principal and installments of bonds issued through Şişecam Holding (*)	375,651	2,704
Discount differences and commissions of bonds issued through Şişecam Holding	(373)	(296)
<b>Total short-term portion of long-term borrowings</b>	<b>403,941</b>	<b>242,951</b>
<b>Total current borrowings</b>	<b>1,251,956</b>	<b>818,793</b>
Non-current borrowings	31 December 2019	31 December 2018
Long-term portion of long-term borrowings	1,565,678	713,833
Principal and installments of bonds issued through Şişecam Holding (*)	831,628	526,090
Discount differences and commissions of bonds issued through Şişecam Holding	(10,442)	(112)
Operational lease payables	23,800	-
Deferred operating lease borrowing costs (-)	(12,238)	-
<b>Total non-current borrowings</b>	<b>2,398,426</b>	<b>1,239,811</b>
<b>Total borrowings</b>	<b>3,650,382</b>	<b>2,058,604</b>

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

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



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 8. BORROWINGS (continued)

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

Repricing periods for loans	31 December 2019	31 December 2018
Less than 3 months	629,581	351,456
3 - 12 months	237,657	464,929
1 - 5 years	1,556,445	699,744
More than 5 years	9,234	14,089
	<b>2,432,917</b>	<b>1,530,218</b>

There is a issued bond amounting to TRY 1,196,464 thousand. The nominal issuance amount of this item is US Dollars 59,984 thousand and the coupon interest rate is 4.25% (effective interest rate is 4.43%) and the nominal amount is US Dollar 140,000 thousand and the coupon interest rate is 6.95%, interest rate 7.32%). Coupon interest payments are made in equal installments every six months (31 December 2018: TRY 528,386 thousand).

The Group does not have any financial leases (2018: None).

Payables from operating leases are paid in monthly equal installments (31 December 2018: None).

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

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

#### 31 December 2019

Currencies	Maturity	Interest (%) (*)	Short-term	Long-term
US Dollar	2019 – 2026	3,6 - 6,95	383,325	836,722
Euro	2019 – 2026	0,8 – 3,0	381,595	40,094
Russian Rouble ("RUR")	2019 – 2021	9	355,527	850,048
Turkish Lira and other	2020	18,1	131,509	671,562
			<b>1,251,956</b>	<b>2,398,426</b>

(\*) The weighted average interest rate for Euro is Euribor + 1.25%, for US Dollar is Libor + 2.75% (Average effective annual interest rate for Euro is 1.21%, for US Dollar is 5.28%, for RUR is 5.06%).

#### 31 December 2018

Currencies	Maturity	Interest (%) (*)	Short-term	Long-term
US Dollar	2019–2022	3,1 – 4,25	9,618	546,617
Euro	2019–2026	0,8 – 4,7	122,409	230,467
Russian Rouble ("RUR")	2019–2020	0,0 – 10,9	591,506	451,601
Ukrainian Hryvnia ("UAH")	2019–2021	21,0 – 25,0	95,154	11,126
Turkish Lira and other	2019		106	-
			<b>818,793</b>	<b>1,239,811</b>

(\*) The weighted average interest rate for Euro is Euribor + 1.49%, for US Dollar is Libor + 2.75% (Average effective annual interest rate for Euro is 1.45%, for US Dollar is 3.35%, for RUR is 8.36%, and for UAH is 21.87%).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 8. BORROWINGS (continued)

The redemption schedule of the financial liabilities is as follows:

	31 December 2019	31 December 2018
Less than 1 year	1,251,956	818,793
1 - 2 years	875,738	735,946
2 - 3 years	674,550	474,053
3 - 4 years	6,447	12,396
4 - 5 years	6,526	5,517
More than 5 years	835,165	11,899
	<b>3,650,382</b>	<b>2,058,604</b>

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

Bank Borrowings	Principal	Interest	Commission	Total
1 January	1,527,517	5,033	(2,332)	1,530,218
Currency translation differences	316,354	744	(76)	317,022
Foreign exchange (gains) / losses	9,854	-	-	9,854
Additions during the period	4,650,032	210,389	(702)	4,859,719
Paid during the period	(4,078,168)	(206,736)	1,008	(4,283,896)
<b>31 December 2019</b>	<b>2,425,589</b>	<b>9,430</b>	<b>(2,102)</b>	<b>2,432,917</b>

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
1 January	526,090	2,704	(292)	(116)	528,386
Foreign exchange (gains) / losses	123,962	-	-	-	123,962
Additions during the period	759,674	62,932	(10,181)	(1,668)	810,757
Paid during the period	(221,781)	(46,302)	1,166	276	(266,641)
<b>31 December 2019</b>	<b>1,187,945</b>	<b>19,334</b>	<b>(9,307)</b>	<b>(1,508)</b>	<b>1,196,464</b>

Borrowings from operating leases	Principal	Interest	Commission	Total
1 January	-	-	-	-
Effect of change in accounting policies	29,347	19,643	-	48,990
Amount after adjustment	29,347	19,643	-	48,990
Currency translation differences	560	58	-	618
Revaluation (*)	63	-	-	63
Foreign Exchange (gains)/losses	636	-	-	636
Additions during the period	1,395	(203)	-	1,192
Paid during the period	(10,999)	(4,254)	-	(15,253)
<b>31 December 2019</b>	<b>21,002</b>	<b>15,244</b>	<b>-</b>	<b>36,246</b>

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 8. BORROWINGS (Continued)

Financial borrowings between 1 January – 31 December 2018 are summarized below:

Bank Borrowings	Principal	Interest	Commission	Total
1 January	1,408,218	4,147	(3,489)	1,408,876
Currency translation differences	271,162	998	(183)	271,977
Foreign exchange (gains) / losses	45,520	-	-	45,520
Additions during the period	3,978,626	128,347	-	4,106,973
Paid during the period	(4,176,009)	(128,459)	1,340	(4,303,128)
<b>31 December 2018</b>	<b>1,527,517</b>	<b>5,033</b>	<b>(2,332)</b>	<b>1,530,218</b>

Bonds issued	Principal	Interest	Discount on Bonds	Commission	Total
1 January	377,190	1,760	(495)	(199)	378,256
Foreign exchange (gains) / losses	148,900	-	-	-	148,900
Additions during the period	-	21,373	-	-	21,373
Paid during the period	-	(20,429)	203	83	(20,143)
<b>31 December 2018</b>	<b>526,090</b>	<b>2,704</b>	<b>(292)</b>	<b>(116)</b>	<b>528,386</b>

### 9. OTHER FINANCIAL LIABILITIES

None (31 December 2018: None).

### 10. TRADE RECEIVABLES AND PAYABLES

#### Trade Receivables

Current trade receivable	31 December 2019	31 December 2018
Trade Receivables	1,047,087	784,598
Due from related parties (Note 38)	2,354	2,877
Notes receivable	11,840	4,413
Other trade receivables	8	32
Rediscount on trade receivables (-)	(4,910)	(8,463)
Allowance for doubtful receivables (-)	(11,219)	(9,899)
	<b>1,045,160</b>	<b>773,558</b>

The Group has accounted RUR 12,519 thousand (TRY 1,092 thousand) financing expense due to factoring operations on trade receivables (Note 34). (31 December 2018: RUR 15,501 thousand (TRY 1.179 thousand))

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

The Group has been selling its products in advance since 1 November 2009. For customers not paying in advance, a monthly interest of 1.75% for payment terms up to 121 days, and a monthly interest rate of 2.625% is applied for overdue receivables.

The average term for the domestic sales is 65 days (2018: 62 days).

The average term for the foreign sales is 76 days (2018: 68 days).

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

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

Allowance for doubtful receivables for the periods December 31, 2019 and 2018:

	2019	2018
1 January	(9,899)	(9,535)
Currency translation differences	(1,024)	(546)
Reversal of provision	5,871	3,747
Expense for the period	(6,167)	(3,565)
<b>31 December</b>	<b>(11,219)</b>	<b>(9,899)</b>

The Group has obtained the following collaterals for trade receivables:

	31 December 2019	31 December 2018
Domestic and foreign receivable guarantees	449,588	206,886
Letter of guarantees, promissory notes and bills	88,191	73,934
Direct debiting system ("DDS")	27,660	23,930
Mortgages	7,650	7,650
	<b>573,089</b>	<b>312,400</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

	31 December 2019	31 December 2018
1-30 days	58,680	43,046
1-3 months	8,448	7,463
3-6 months	593	1,876
6-12 months	91	946
1-5 years	1,325	3,153
<b>Total overdue receivables</b>	<b>69,137</b>	<b>56,484</b>
<b>The part under guarantee with collateral. etc</b>	<b>56,794</b>	<b>29,982</b>

### Trade Payables

	31 December 2019	31 December 2018
<b>Current trade payables</b>		
Trade payables	406,620	370,458
Due to related parties (Note 38)	170,069	97,378
Other trade payables	51	124
Rediscount of payables (-)	(1,659)	(4,707)
	<b>575,081</b>	<b>463,253</b>

### 11. OTHER RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
<b>Other current receivables</b>		
Due from related parties (Note 38)	87,522	42,884
Due from tax authorities	9,034	6,313
Other receivables	1,233	3,056
Deposits and guarantees given	693	675
Due from personnel	233	320
Provision for goods in transit	775	-
Other doubtful receivables	2,370	1,164
Provision for other doubtful receivables (-)	(2,370)	(1,164)
	<b>99,490</b>	<b>53,248</b>

Movement of provision for doubtful other current receivables are follows:

	2019	2018
1 January	(1,164)	(546)
Currency translation differences	(390)	(81)
Period cost	(1,585)	(671)
Reversal of provision	769	134
<b>31 December</b>	<b>(2,370)</b>	<b>(1,164)</b>

	31 December 2019	31 December 2018
<b>Other non-current receivables</b>		
Deposits and guarantees given	585	500
Due from tax authority	7,658	8,663
Allowance for other doubtful receivables (-)	(7,658)	(8,663)
	<b>585</b>	<b>500</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

The movement of other doubtful receivables is as follows:

	2019	2018
1 January	(8,663)	(9,667)
Closed	1,005	1,004
<b>31 December</b>	<b>(7,658)</b>	<b>(8,663)</b>

Other current payables	31 December 2019	31 December 2018
Due to related parties (Note 38)	26,647	18,599
Deposits and guarantees received	21,823	13,683
Other payables	571	1,353
	<b>49,041</b>	<b>33,635</b>

### 12. DERIVATIVE INSTRUMENTS

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

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

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.

Between 1 January-31 December 2018; hedging instruments include, interest rates swaps converting floating rate of Libor+2.50% to fixed rate of 12.71% with 3-month intervals for a Euro denominated borrowing of EUR 75,000 thousand with 2 year term and cross currency swaps converting Euro denominated capital and interest payables into Russian Ruble denominated ones. As of 9 April 2018, the agreement have been realized.

- A foreign currency swap agreement between Citibank and Group dated between July 11, 2017 and April 26, 2018 including the total purchase of Russian Ruble by the sales of EUR 9,500 thousand. In the year of 2018, the agreement have been realized.

- A foreign currency swap agreement between Citibank and Group dated between November 10, 2017 and October 30, 2018, including the total purchase of Russian Ruble by the sales of EUR 5,000 thousand. As of December 31, 2018, the amount of the agreement have been realized.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 12. DERIVATIVE INSTRUMENTS (Continued)

The distributions related to derivative instruments are as follows

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Swap transactions	15,338	-	-	-
Forward transactions	-	-	-	-
	<b>15,338</b>	<b>-</b>	<b>-</b>	<b>-</b>

The movements related to derivative instruments are as follows:

Net Assets / (Liabilities)	2019	2018
1 January	-	(19,043)
Interest expense (loss) charged to statement of profit or loss	(17,822)	-
Fair value changes charged to equity	27,689	181
Foreign exchange gain/(loss) charged to statement of profit or loss(*)	11,808	9,556
Exchange differences on translation	-	(3,185)
Realized exchange rate cash outflows/(inflows)	(6,337)	12,491
<b>31 December</b>	<b>15,338</b>	<b>-</b>

(\*) In the period 1 January-31 December 2019 foreign exchange gain/(loss) amounting TRY 11,808 thousand recognized in profit or loss statement has been accounted in financial income. (In the period 1 January-31 December 2018: TRY 9,556 thousand foreign exchange income was recognized in the statement of profit and loss of which TRY 11,705 foreign exchange income is accounted under financial income and TRY (2,149) thousand foreign exchange loss is accounted under other operating expenses (Note 32, Note 34).

### 13. INVENTORIES

	31 December 2019	31 December 2018
Raw materials	218,341	172,940
Semi-finished goods	3,712	4,066
Finished goods	387,514	240,061
Trade goods	15	28
Other inventories	17,652	14,052
Provision for impairment of inventory (-)	(13,130)	(11,893)
	<b>614,104</b>	<b>419,254</b>

As the end of December 31, 2019 and 2018 the movements of provision for impairment of inventory is as follows:

	2019	2018
1 January	(11,893)	(17,394)
Provisions for the period	1,822	7,487
Additions	(2,178)	(847)
Exchange differences on translation	(881)	(1,139)
<b>31 December</b>	<b>(13,130)</b>	<b>(11,893)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 14. PREPAID EXPENSES AND DEFERRED INCOME

#### Prepaid expenses

Short-term prepaid expenses	31 December 2019	31 December 2018
Advances given for inventories	42,360	42,911
Prepaid expenses	1,001	637
	<b>43,361</b>	<b>43,548</b>
Long-term prepaid expenses	31 December 2019	31 December 2018
Advances given for tangible and intangible assets	46,319	93,336
Prepaid expenses	93	71
	<b>46,412</b>	<b>93,407</b>

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

	2019	2018
1 January	93,336	19,957
Advances given in the period	644,527	632,003
Exchange differences on translation	5,955	273
Paid during the period	(697,499)	(558,897)
<b>31 December</b>	<b>46,319</b>	<b>93,336</b>

#### Deferred Income

Short-term deferred income	31 December 2019	31 December 2018
Advances received	10,021	9,562
Short-term deferred income	864	-
	<b>10,885</b>	<b>9,562</b>

### 15. CONTRACT ASSETS AND LIABILITIES

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

#### Customer Contract Receivables

The Group recognized receivables on 1 January- 31 December 2019 period for the contracted manufacturer products and the expected collection periods for related receivables are as follows:

	Till 1 month	1-3 months	3-6 months	Total
Customer contract receivables	-	9,645	5,372	15,017

#### Customer Contract Liabilities

The Group recognized liability on 1 January- 31 December 2019 period for the transactions to fulfill the obligation amounting to TRY 9,086 thousand and related liability is expected to be fulfill in one month period.



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 16. JOINT VENTURES AND ASSOCIATES

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

	31 December 2019	31 December 2018
Camiş Elektrik Üretim A.Ş.	15,785	18,932
	<b>15,785</b>	<b>18,932</b>

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

	2019	2018
1 January	18,932	16,648
Effect of change in accounting policy	(2)	-
Amount after adjustment	18,930	16,648
Net income/ (expense) from associate	2,046	3,318
Dividend income from associate	(5,216)	(1,044)
Gains (Losses) on remeasurement of defined benefit plans	25	10
<b>31 December</b>	<b>15,785</b>	<b>18,932</b>

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

#### Camiş Elektrik Üretim A.Ş.

	31 December 2019	31 December 2018
Current assets	55,737	78,123
Non-current assets	14,921	4,531
<b>Total assets</b>	<b>70,658</b>	<b>82,654</b>
Current liabilities	8,466	8,634
Non-current liabilities	1,692	1,460
<b>Total liabilities</b>	<b>10,158</b>	<b>10,094</b>
<b>Net assets</b>	<b>60,500</b>	<b>72,560</b>
<b>Group share (%)</b>		
Direct and indirect ownership rate (%)	26,09	26,09
Effective ownership rate (%)	26,09	26,09
<b>Group share in net assets</b>	<b>15,785</b>	<b>18,932</b>
	1 January - 31 December 2019	1 January - 31 December 2018
Revenue	73,986	67,558
<b>Profit from continuing operations</b>	<b>7,850</b>	<b>12,715</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>7,850</b>	<b>12,715</b>
<b>The Group share in profit from continuing operations</b>	<b>2,046</b>	<b>3,318</b>
<b>Dividend distribution from retained earnings</b>	<b>20,000</b>	<b>4,000</b>
<b>The Group share in dividend distributed</b>	<b>5,216</b>	<b>1,044</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 17. INVESTMENT PROPERTIES

	Net Book Value	Revaluation Fund	Gain / (Loss) Effect of Revaluation	Fair Value
1 January	64,512	13,399	-	77,911
Decrease on Revaluation	-	(4,169)	-	(4,169)
<b>31 December 2019</b>	<b>64,512</b>	<b>9,230</b>	<b>-</b>	<b>73,742</b>

	Net Book Value	Revaluation Fund	Gain / (Loss) Effect of Revaluation	Fair Value
1 January	-	-	-	-
Transfers from property, plant and equipment	64,512	13,399	-	77,911
<b>31 December 2018</b>	<b>64,512</b>	<b>13,399</b>	<b>-</b>	<b>77,911</b>

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

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

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

Investment property is located in Turkey.

No rental income has been received from the investment property. The fair value level of the investment properties is determined as 2 (Level 2: The amount that is directly or indirectly used in finding the market observable price other than the market price).

## ANADOLU CAM SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

#### 18. PROPERTY, PLANT AND EQUIPMENT

Cost	Land improvements	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
<b>1 January 2019</b>	<b>312,469</b>	<b>120,239</b>	<b>857,014</b>	<b>2,997,339</b>	<b>11,879</b>	<b>90,491</b>	<b>577,164</b>	<b>134,899</b>	<b>5,101,494</b>
Currency translation difference	7,692	29,248	133,075	326,677	2,621	4,226	54,185	25,132	582,856
Additions (*)	-	4,104	4,613	14,560	3,677	896	52,944	806,309	887,103
Disposals	-	-	-	(76,146)	(604)	(1,702)	(124,595)	(47)	(203,094)
Transfers from construction in progress	1,530	19,563	31,779	649,334	36	14,649	108,225	(825,116)	-
<b>31 December 2019 Closing Balance</b>	<b>321,691</b>	<b>173,154</b>	<b>1,026,481</b>	<b>3,911,764</b>	<b>17,609</b>	<b>108,560</b>	<b>667,923</b>	<b>141,177</b>	<b>6,368,359</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2019</b>	<b>-</b>	<b>91,004</b>	<b>12,189</b>	<b>1,766,351</b>	<b>10,581</b>	<b>52,152</b>	<b>432,523</b>	<b>-</b>	<b>2,364,800</b>
Currency translation difference	-	22,379	5,712	218,821	2,026	3,800	38,805	-	291,543
Charge for the period (**)	-	4,505	54,596	249,739	712	8,946	109,041	-	427,539
Disposals	-	-	-	(74,842)	(551)	(1,550)	(114,617)	-	(191,560)
<b>31 December 2019 Closing Balance</b>	<b>-</b>	<b>117,888</b>	<b>72,497</b>	<b>2,160,069</b>	<b>12,768</b>	<b>63,348</b>	<b>465,752</b>	<b>-</b>	<b>2,892,322</b>
<b>Net book value as of 31 December 2019</b>	<b>321,691</b>	<b>55,266</b>	<b>953,984</b>	<b>1,751,695</b>	<b>4,841</b>	<b>45,212</b>	<b>202,171</b>	<b>141,177</b>	<b>3,476,037</b>
<b>Net book value as of 31 December 2018</b>	<b>312,469</b>	<b>29,235</b>	<b>844,825</b>	<b>1,230,988</b>	<b>1,298</b>	<b>38,339</b>	<b>144,641</b>	<b>134,899</b>	<b>2,736,694</b>

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

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

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

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

## ANADOLU CAM SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
<b>1 January 2018</b>	<b>321,556</b>	<b>105,278</b>	<b>820,636</b>	<b>2,477,520</b>	<b>10,328</b>	<b>63,157</b>	<b>485,357</b>	<b>39,700</b>	<b>4,323,532</b>
Currency translation difference	4,436	13,812	102,022	208,368	1,431	2,730	28,616	4,519	365,934
Transfers	-	(412)	320	92	-	-	-	-	-
Additions (*)	325	786	883	14,354	254	1,560	40,253	634,424	692,839
Disposals	-	-	-	(116,753)	(134)	(153)	(44,737)	-	(161,777)
Transfers from construction in progress	-	775	38,339	413,758	-	23,197	67,675	(543,744)	-
Revaluation (***)	64,063	-	(105,186)	-	-	-	-	-	(41,123)
Transfers to investment property	(77,911)	-	-	-	-	-	-	-	(77,911)
<b>31 December 2018 closing balance</b>	<b>312,469</b>	<b>120,239</b>	<b>857,014</b>	<b>2,997,339</b>	<b>11,879</b>	<b>90,491</b>	<b>577,164</b>	<b>134,899</b>	<b>5,101,494</b>
<b>Accumulated depreciation and impairment</b>									
<b>1 January 2018</b>	<b>74</b>	<b>76,411</b>	<b>99,429</b>	<b>1,545,885</b>	<b>8,917</b>	<b>43,560</b>	<b>357,726</b>	<b>-</b>	<b>2,132,002</b>
Currency translation difference	23	10,761	15,922	133,348	1,177	2,340	21,056	-	184,627
Transfers	-	(149)	149	-	-	-	-	-	-
Charge for the period (**)	-	3,981	48,339	188,112	621	6,394	93,507	-	340,954
Disposals	-	-	-	(100,994)	(134)	(142)	(39,766)	-	(141,036)
Revaluation	(97)	-	(151,650)	-	-	-	-	-	(151,747)
<b>31 December 2018 closing balance</b>	<b>-</b>	<b>91,004</b>	<b>12,189</b>	<b>1,766,351</b>	<b>10,581</b>	<b>52,152</b>	<b>432,523</b>	<b>-</b>	<b>2,364,800</b>
<b>Net book value as of 31 December 2018</b>	<b>312,469</b>	<b>29,235</b>	<b>844,825</b>	<b>1,230,988</b>	<b>1,298</b>	<b>38,339</b>	<b>144,641</b>	<b>134,899</b>	<b>2,736,694</b>
<b>Net book value as of 31 December 2017</b>	<b>321,482</b>	<b>28,867</b>	<b>721,207</b>	<b>931,635</b>	<b>1,411</b>	<b>19,597</b>	<b>127,631</b>	<b>39,700</b>	<b>2,191,530</b>

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

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

(\*\*\*) As of 31 December 2015, the land, land improvements and buildings were accounted by net method of the revaluation model according to the results of expertise, dated 30 September 2015.

The Group does not have any mortgages over land and buildings. (1 January - 31 December 2017: None)

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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#### 19. RIGHT OF USE ASSETS

Cost Value	Lands and Land Improvements	Buildings	Plant, machinery and equipment	Vehicles	Fixtures	Total
<b>1 January 2019</b>	-	-	-	-	-	-
Effect of changes in accounting policy (Note 2.3)	-	32,245	6,593	1,739	-	40,577
Amount after adjustment	-	32,245	6,593	1,739	-	40,577
Currency translation differences	-	965	-	-	-	965
Revaluation	-	-	-	63	-	63
Additions	-	-	1,188	153	-	1,341
<b>31 December 2019 closing balance</b>	-	<b>33,210</b>	<b>7,781</b>	<b>1,955</b>	-	<b>42,946</b>
<b>Accumulated Amortization</b>						
<b>1 January 2019</b>	-	-	-	-	-	-
Effect of changes in accounting policy (Note 2.3)	-	9,335	3,741	915	-	13,991
Amount after adjustment	-	9,335	3,741	915	-	13,991
Currency translation differences	-	441	-	-	-	441
Charge for the period (*)	-	7,850	2,323	610	-	10,783
<b>31 December 2019 closing balance</b>	-	<b>17,626</b>	<b>6,064</b>	<b>1,525</b>	-	<b>25,215</b>
<b>Net book value as of 31 December 2019</b>	-	<b>15,584</b>	<b>1,717</b>	<b>430</b>	-	<b>17,731</b>

Since TFRS-16 is the first year of implementation of the "Leases" standard, the cumulative effect of previous years with the facilitated method recognized by the standard is stated in the title "Effect of change in accounting policies"

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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### 20. INTANGIBLE ASSETS

#### Cost:

<b>1 January 2019</b>	<b>9,020</b>
Currency translation differences	467
Additions	2,829
<b>31 December 2019 Closing Balance:</b>	<b>12,316</b>
<b>Accumulated amortization:</b>	
<b>1 January 2019</b>	<b>7,727</b>
Currency translation differences	453
Charge for the period (*)	1,127
<b>31 December 2019 Closing Balance:</b>	<b>9,307</b>
<b>Net book value as of 31 December 2019</b>	<b>3,009</b>
<b>Net book value as of 31 December 2018</b>	<b>1,293</b>

#### Cost:

<b>1 January 2018</b>	<b>7,013</b>
Currency translation differences	897
Additions	1,110
<b>31 December 2018</b>	<b>9,020</b>
<b>Accumulated amortization:</b>	
<b>1 January 2018</b>	<b>6,416</b>
Currency translation differences	858
Charge for the period (*)	453
<b>31 December 2018 Closing Balance:</b>	<b>7,727</b>
<b>Net book value as of 31 December 2018</b>	<b>1,293</b>
<b>Net book value as of 31 December 2017</b>	<b>597</b>

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

Intangible assets consist of rights and other items.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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### 21. GOODWILL

The movement of the changes in goodwill is as follows:

	2019	2018
1 January	4,032	3,483
Currency translation differences	1,080	549
<b>31 December</b>	<b>5,112</b>	<b>4,032</b>

### 22. GOVERNMENT GRANTS

#### Income Withholding Tax

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

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

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

### 23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Short-term provisions

	31 December 2019	31 December 2018
Litigation provisions	22,578	22,647
Provision of cost	21,838	16,057
Provisions for employee benefits (Note 25)	7,389	5,406
	<b>51,805</b>	<b>44,110</b>

The total amount of the lawsuits as of 31 December 2019 filed and continuing against is approximately TRY 30,167 thousand (31 December 2018: TRY 35,288 thousand). The Group is claimant or defendant in several lawsuits resulting from its ordinary activities during the period. The Group Management assesses that the amount of TRY 22,578 thousand has been provisioned based on the opinions from the independent legal and tax attorneys as of 31 December 2019 (31 December 2018: TRY 22,647 thousand).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

Collaterals, pledges and mortgages "CPM" given by the Group as of 31 December 2019 and 31 December 2018 are as follows:

31 December 2019					
The CPMs given by the Group	TRY equivalent	US Dollar	EUR	RUR	TRY and TRY equivalent of other currencies
A. CPM's given in the name of its own legal personality	19,264	-	-	-	19,264
B. Total CPM's given on behalf of the fully consolidated companies	723,264	3,899	55,000	3,500,000	-
C. CPM's given on behalf of third parties for ordinary course of business	11,458	-	-	-	11,458
D. Other Total amount of other CPM's given					
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total</b>	<b>753,986</b>	<b>3,899</b>	<b>55,000</b>	<b>3,500,000</b>	<b>30,722</b>
31 December 2018					
The CPMs given by the Group	TRY equivalent	US Dollar	EUR	RUR	TRY and TRY equivalent of other currencies
A. CPM's given in the name of its own legal personality	12,865	-	-	-	12,865
B. CPM's given on behalf of the fully consolidated companies	493,155	5,198	41,859	2,475,000	27,018
C. CPM's given on behalf of third parties for ordinary course of business	11,458	-	-	-	11,458
D. Total amount of other CPM's given					
i. Total amount of CPM's given on behalf of the majority shareholder (*)	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total</b>	<b>517,478</b>	<b>5,198</b>	<b>41,859</b>	<b>2,475,000</b>	<b>51,341</b>

As of 31 December 2019 there is no CPM provided by the Group. (31 December 2018: None)

### 24. COMMITMENTS

As per the agreements signed between the Group, Boru Hatları ve Petrol Taşıma A.Ş. ("BOTAS") and Eskişehir Organize Sanayii Bölge Müdürlüğü, there is natural gas purchasing commitment 135,211,702 sm<sup>3</sup> between the dates 1 January – 31 December 2020 (31 December 2018: 223,390,000 sm<sup>3</sup>).



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 25. EMPLOYEE BENEFITS

#### Short-term liabilities for employee benefits

	31 December 2019	31 December 2018
Payables to personnel	3,997	2,788
<b><u>Short-term provisions for employee benefits</u></b>	<b><u>31 December 2019</u></b>	<b><u>31 December 2018</u></b>
Unused vacation provision	7,389	5,406

#### Long-term provision for employee benefits

##### Provision for employment termination benefit

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

The amount payable consists of one month's salary limited to a maximum of TRY 6,379.86 for each period of service as of 31 December 2019 (31 December 2018: TRY 5,434.42), TRY 6,730.15 which is effective from January 1, 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2018: TRY 6,017.60 is valid as of 1 January 2019).

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

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2019 and 31 December 2018 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 2018: 9.30%) and a discount rate of 14.69% (31 December 2018: 15.20%), the real discount rate is approximately 6.00% (31 December 2018: 5.40%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. The probability of the workers retirement rate as of the date of 31 December 2019 is 99.05 % (31 December 2018: 98.10%).

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 25. EMPLOYEE BENEFITS (Continued)

As of December 31, 2019 and 2018 the movement of the employment termination benefits are as follows:

	2019	2018
1 January	63,224	56,081
Service costs	7,553	10,189
Interest costs	9,610	6,388
Actuarial Gain/(Loss)	(3,398)	(3,807)
Payments made during the period	(6,677)	(5,627)
<b>31 December</b>	<b>70,312</b>	<b>63,224</b>

### 26. IMPAIRMENT OF ASSETS

	31 December 2019	31 December 2018
Provision for impairment of inventories (Note 13)	13,130	11,893
Provision for doubtful trade receivables (Note 10)	11,219	9,899
Provision for impairment of short term financial investments (Note 7)	395	485
Provision for impairment of long term financial investments (Note 7)	6,363	8,359
Provision for other doubtful short term trade receivables (Note 11)	2,370	1,164
Provision for other doubtful long term trade receivables (Note 11)	7,658	1,164
Provision for impairment on cash and cash equivalents (Note 6)	1,226	8,663
	136	136
	<b>42,361</b>	<b>40,599</b>

### 27. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2019	31 December 2018
Deductible VAT on export sales	12,095	10,054
Deferred Value Added Taxes ("VAT")	1,836	3,970
Other	-	419
	<b>13,931</b>	<b>14,443</b>

Other non-current liabilities	31 December 2019	31 December 2018
Taxes and funds payables	15,365	7,984
Social security premiums payable	6,715	5,081
Expense accruals	-	9
Calculated VAT	387	323
Other	21	22
	<b>22,488</b>	<b>13,419</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

#### a) Capital/Treasury Shares

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

	31 December 2019	31 December 2018
Registered capital ceiling	2,000,000	2,000,000
Approved paid-in capital	750,000	750,000

	31 December 2019		31 December 2018	
	Amount Thousand TRY	Share (%)	Amount Thousand TRY	Share (%)
<b>Shareholders</b>				
T. Şişe ve Cam Fabrikaları A.Ş.	579.528	77.27	578.218	77.10
Other (*)	170.472	22.73	171.782	22.90
<b>Nominal capital</b>	<b>750.000</b>	<b>100.00</b>	<b>750.000</b>	<b>100.00</b>
Adjustments to share capital	1	-	1	-
<b>Adjusted capital</b>	<b>750.001</b>	<b>100.00</b>	<b>750.001</b>	<b>100.00</b>

(\*) Other includes the publicly traded portion.

#### b) Share premium

It determines the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 35 as of 31 December 2019 (31 December 2018: TRY 35).

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

	31 December 2019	31 December 2018
Gain/loss fund on revaluation	718,903	651,671
- Revaluation funds on land and buildings	710,596	639,612
- Fair value difference fund of investment properties	8,307	12,059
Gains (Losses) on remeasurement of defined benefit plans	1,133	(1,610)
	<b>720,036</b>	<b>650,061</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### Revaluation funds on land and buildings

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

	2019	2018
1 January	639,612	498,628
Revaluation during period	-	153,043
- Fund effect	-	179,860
- Tax effect	-	(26,817)
Transfers from tangible assets	-	(12,059)
- Fund effect	-	(13,399)
- Tax effect	-	1,340
Currency translation differences	70,984	-
- Fund effect	87,378	-
- Tax effect	(16,394)	-
<b>31 December</b>	<b>710,596</b>	<b>639,612</b>

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

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

	2019	2018
1 January	12,059	-
Revaluation during period	(3,752)	-
- Fund effect	(4,169)	-
- Deferred tax effect	417	-
Transfers from tangible assets	-	12,059
- Fund effect	-	13,399
- Deferred tax effect	-	(1,340)
<b>31 December</b>	<b>8,307</b>	<b>12,059</b>

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

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of profit or loss. The gains and losses arising from the changes in the actuarial assumption have been accounted for by Gains/(Losses) on remeasurements of defined benefit plans under the equity.

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

	2019	2018
1 January	(1,610)	(4,665)
Additions	3,398	3,807
Deferred tax effect	(687)	(765)
Accounted under equity	32	13
<b>31 December</b>	<b>1,133</b>	<b>(1,610)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

	31 December 2019	31 December 2018
Exchange differences on translation	(203,447)	(223,144)
Hedging reserves	21,597	-
	<b>(181,850)</b>	<b>(223,144)</b>

#### Currency translation differences

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

#### Hedging

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

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

	2019	2018
1 January	-	(145)
Effective portion of cash flow hedge accounted under equity	27,689	181
Effect of deferred tax	(6,092)	(36)
<b>31 December</b>	<b>21,597</b>	<b>-</b>

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

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

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

#### e) Restricted Reserves

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

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

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

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

Restricted reserves attributable to equity holders of the Parent	31 December 2019	31 December 2018
Legal reserves	170,568	149,671
Statutory reserves	18,557	18,556
	<b>189,125</b>	<b>168,227</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

The Group's extraordinary reserves presented in the retained earnings that amounting to TRY 821,475 thousand (31 December 2018: TRY 513,574 thousand) is TRY 1,110,930 thousand (31 December 2018: TRY 985,220 thousand).

#### Profit Distribution

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

#### Reserves subject to dividend distribution

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

	31 December 2019	31 December 2018
Net profit for the period	105,936	243,432
I. legal reserves	(5,297)	(12,172)
<b>Distributable profit for the period</b>	<b>100,639</b>	<b>231,260</b>
Extraordinary reserves	100,639	231,260

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 29. REVENUE AND COST OF SALES

Sales	1 January – 31 December 2019	1 January – 31 December 2018
Revenue	4,449,292	3,338,357
Other income	-	3
Sales discount	(121,287)	(98,045)
Sales returns	(10,460)	(4,375)
Other sales discounts	(10,320)	(5,384)
	<b>4,307,225</b>	<b>3,230,556</b>
Cost of Sales	1 January – 31 December 2019	1 January – 31 December 2018
Direct materials	(1,118,326)	(800,291)
Direct labor	(177,481)	(148,909)
Manufacturing overheads	(1,312,088)	(1,017,795)
Depreciation and amortization	(402,827)	(322,258)
Change in work-in-progress	(354)	2,344
Change in finished goods	147,453	40,306
	<b>(2,863,623)</b>	<b>(2,246,603)</b>
Cost of trade goods sold	(9,360)	(7,710)
Other cost	(618)	(565)
	<b>(2,873,601)</b>	<b>(2,254,878)</b>

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

	1 January - 31 December 2019	1 January - 31 December 2018
General administrative expenses	(261,488)	(218,060)
Marketing expenses	(539,942)	(342,994)
Research and development expenses	(2,193)	(1,089)
	<b>(803,623)</b>	<b>(562,143)</b>

### 31. OPERATING EXPENSES BY NATURE

	1 January – 31 December 2019	1 January – 31 December 2018
Outsourced services (*)	(482,265)	(293,445)
Salaries and wages	(136,802)	(112,577)
Tax expenses	(20,178)	(20,774)
Depreciation and amortization	(36,622)	(19,149)
Indirect material costs	(8,958)	(6,839)
Miscellaneous expenses (**)	(118,798)	(109,359)
	<b>(803,623)</b>	<b>(562,143)</b>

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 32. OTHER OPERATING INCOME AND EXPENSES

Other Operating Income	1 January - 31 December 2019	1 January - 31 December 2018
Financial income related to operating activities	38,706	133,123
Gain on sales of scrap items	15,244	8,539
Export shipping incentive	13,061	-
Compensation Income	12,639	4,858
Rent Income	5,975	4,937
Gain on sales of raw materials and equipment	4,071	3,828
Reversal of provision	2,238	3,881
Service Income	1,723	2,888
Incapacity payments	533	714
Income from other operating activities	6,236	11,823
Revenue and security gains recorded	-	9,442
	<b>100,426</b>	<b>184,033</b>

Other Operating Expenses	1 January - 31 December 2019	1 January - 31 December 2018
Financial expense related to operating activities	(23,590)	(104,427)
Provision expense	(4,713)	(17,186)
Service expenses	(4,343)	(1,296)
Loss on sales of raw materials and equipment	(1,057)	(1,130)
Commision expenses	(1,104)	(970)
Compensation expense due to verdict	(1,731)	(725)
Loss from previous period	(931)	(417)
Penalties	(446)	(728)
Derivative instrument foreign exchange expense related operating activities	-	(2,149)
Other	(3,149)	(8,809)
	<b>(41,064)</b>	<b>(137,837)</b>

### 33. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January – 31 December 2019	1 January – 31 December 2018
Financial investments measured at amortized cost	67,105	119,102
Gain on sales of tangible assets	12,768	22
Gain on cancelation of impairment loss of tangible assets	-	1,950
	<b>79,873</b>	<b>121,074</b>

Expenses from investing activities	1 January – 31 December 2019	1 January – 31 December 2018
Loss on sales of tangible assets	(4,018)	(14,348)
Revaluation impairment of property, plant	-	(8,598)
Fair value difference on investment properties.	-	(3,066)
	<b>(4,018)</b>	<b>(26,012)</b>



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 33. INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

Impairment gain (loss) and reversal of impairment loss determined in accordance with TFRS 9:

	1 January – 31 December 2018	1 January – 31 December 2018
Provision income (expense)	859	(3,418)
	<b>859</b>	<b>(3,418)</b>

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

Marketable Securities Issuer	1 January – 31 December 2019	1 January – 31 December 2018
Türkiye İş Bankası A.Ş.	4,658	4,034
Türkiye Halk Bankası A.Ş.	2,926	2,478
Türkiye Sınai Kalkınma Bankası A.Ş.	2,238	1,863
Türkiye Vakıflar Bankası T.A.O.	2,138	1,774
Turkcell İletişim Hizmetleri A.Ş.	2,148	1,820
Türkiye Garanti Bankası A.Ş.	1,673	1,528
Arçelik A.Ş.	1,638	1,440
Yapı ve Kredi Bankası A.Ş.	1,267	1,109
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	433	357
Ziraat Bankası A.Ş.	568	468
Türk Eximbank	126	106
Finansbank A.Ş.	57	47
	<b>19,870</b>	<b>17,024</b>

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

Marketable Securities Issuer	1 January – 31 December 2019	1 January – 31 December 2018
Türkiye İş Bankası A.Ş.	15,201	26,985
Türkiye Halk Bankası A.Ş.	11,261	19,935
Türkiye Sınai Kalkınma Bankası A.Ş.	7,551	13,378
Turkcell İletişim Hizmetleri A.Ş.	6,535	11,610
Türkiye Vakıflar Bankası T.A.O.	6,756	11,635
Arçelik A.Ş.	5,650	10,103
Türkiye Garanti Bankası A.Ş.	5,604	10,145
Yapı ve Kredi Bankası A.Ş.	4,010	7,329
Ziraat Bankası A.Ş.	1,911	3,363
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	2,025	3,578
Türk Eximbank	406	693
Finansbank A.Ş.	195	348
	<b>67,105</b>	<b>119,102</b>

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 34. FINANCIAL INCOME AND EXPENSES

Financial Income	1 January – 31 December 2019	1 January – 31 December 2018
Interest income	32,095	17,895
- <i>Time deposits</i>	26,946	16,596
- <i>Interest income from related parties</i>	5,149	1,299
Gain on foreign exchange differences	97,295	232,570
- <i>Derivative instruments</i>	11,808	26,232
- <i>Cash and cash equivalents</i>	59,615	162,574
- <i>Bank borrowings</i>	1,001	31,195
- <i>Other payables and receivables</i>	24,871	12,569
	<b>129,390</b>	<b>250,465</b>

Finance Costs	1 January – 31 December 2019	1 January – 31 December 2018
Interest expenses	(319,628)	(160,869)
- <i>Bank borrowings</i>	(211,397)	(129,687)
- <i>Bond issued</i>	(64,374)	(21,659)
- <i>Interest expenses from related parties</i>	(20,689)	(8,113)
- <i>Derivative instruments</i>	(17,822)	-
- <i>Factoring expenses</i>	(1,092)	1,179
- <i>Operational leases</i>	(4,254)	-
- <i>Other</i>	-	(231)
Loss on foreign exchange differences	(155,722)	(254,704)
- <i>Other receivables and payables</i>	(10,218)	(9,513)
- <i>Bank borrowings</i>	(10,855)	(76,715)
- <i>Bond issued</i>	(123,962)	(148,900)
- <i>Cash and cash equivalents</i>	(10,051)	(5,049)
- <i>Derivative instruments</i>	-	(14,527)
- <i>Operational leases</i>	(636)	-
	<b>(475,350)</b>	<b>(415,573)</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 34. FINANCIAL INCOME AND EXPENSES (Continued)

Financial Income/Expense (Net)	1 January – 31 December 2019	1 January – 31 December 2018
Interest income / (expense)	(287,533)	(142,974)
- Bank deposits and borrowings	(184,451)	(113,091)
- Interest income/(expense) from related parties	(15,540)	(6,814)
- Bond issued	(64,374)	(21,659)
- Derivative instruments	(17,822)	-
- Factoring expenses	(1,092)	(1,179)
- Operational leases	(4,254)	(231)
Gain/(Loss) on foreign exchange differences	(58,427)	(22,134)
- Cash and cash equivalents	49,564	157,525
- Bank borrowings	(9,854)	(45,520)
- Other receivables and payables	14,653	3,056
- Bond issued	(123,962)	(148,900)
- Derivative instruments	11,808	11,705
- Operational leases	(636)	-
	<b>(345,960)</b>	<b>(165,108)</b>

### 35. ASSETS HELD FOR SALE

None. (2018: None.)

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

#### Deferred Tax Assets and Liabilities

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

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

	31 December 2019	31 December 2018
Deferred tax assets	389,152	255,326
Deferred tax liabilities (-)	(4,496)	(3,680)
<b>Deferred tax assets (net)</b>	<b>393,656</b>	<b>251,646</b>

## ANADOLU CAM SANAYİİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

Temporary differences	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	870,819	669,598
Corporate tax allowances	(1,862,314)	(1,073,663)
Carry forward tax losses	(706,861)	(632,510)
Provision for employment termination benefits	(70,312)	(63,224)
Revaluation of inventory	(32,491)	(17,397)
Revaluation of derivatives	15,338	-
Other	(51,545)	(69,949)
	<b>(1,837,366)</b>	<b>(1,187,145)</b>
	31 December 2019	31 December 2018
Useful life and valuation differences on tangible and intangible assets	(186,635)	(143,337)
Corporate tax allowances	409,709	236,206
Carry forward tax losses	141,372	126,502
Provision for employment termination benefits	14,062	12,645
Revaluation of inventory	7,079	4,197
Revaluation of derivatives	(3,374)	-
Other	11,143	15,433
<b>Deferred tax asset (Net)</b>	<b>393,656</b>	<b>251,646</b>

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

	31 December 2019	31 December 2018
No expiry date	706,861	632,510
	<b>706,861</b>	<b>632,510</b>

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

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 613,678 thousand (31 December 2018: TRY 467,744 thousand).

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

	2019	2018
1 January	251,646	183,817
Revisions to changes in accounting policy	605	-
Amount after adjustments	252,251	183,817
Currency translation differences	39,282	22,180
Charged to the statement of profit or loss	124,879	73,264
Charged to equity	(22,756)	(27,615)
<b>31 December</b>	<b>393,656</b>	<b>251,646</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

#### Corporate Tax

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

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

In Turkey, corporate tax rate applied is 22% as of December 31, 2019 (31 December 2018: 22%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2019 is as follows:

Country	Tax rate (%)
Russia	20,0
Ukraine	18,0
The Netherlands (*)	20,0 - 25,0
Georgia (**)	-

(\*) The Netherlands is subject to 20% tax on profits up to EUR 200 thousand and on 25% tax on excess.

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

In Turkey, advance tax returns are filed on a quarterly basis, 22% of temporary tax rate is applied during the taxation of corporate income in 2019 (31 December 2018: 22%).

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

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

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

#### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax. An advance taxation of 19.8% has to be made on the investment allowance amount benefited basing on the investment incentive certificates received before 24 April 2003. Out of the investment expenses without incentive certificate made after this date, 40% of the ones directly related to the companies' production activities can be deducted from the taxable revenue. Any advance tax deduction is not made from the investment expenses without investment incentive.

The current year tax asset is TRY 7,009 thousand (31 December 2018 is TRY 6,713 thousand).

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

	31 December 2019	31 December 2018
Corporate tax provision	21,480	12,055
Prepaid taxes and funds(-)	(28,489)	(18,768)
<b>Prepaid tax liability/ (asset)</b>	<b>(7,009)</b>	<b>(6,713)</b>
	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Corporate tax provision	(21,480)	(12,055)
Currency translation differences	1,662	(51)
Deferred tax income	124,879	73,264
<b>Tax provision in the statement of profit or loss</b>	<b>105,061</b>	<b>61,158</b>
	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
<b>Reconciliation of provision for tax</b>		
Profit before taxation and non-controlling interest	422,163	389,585
Effective tax rate	22%	22%
<b>Calculated Tax</b>	<b>(92,876)</b>	<b>(85,709)</b>
Corporate tax allowances	195,470	142,010
Dividends and other non-taxable income	2,690	295
Provision for carry forward tax losses that are not subject to deferred tax calculation	29,810	10,522
Dissallowable expenses	(5,647)	(4,829)
Derivative instruments	(3,374)	(3,808)
Currency transition differences	(22,881)	(13,397)
Others	1,869	16,074
<b>Tax provision in the statement of profit or loss</b>	<b>105,061</b>	<b>61,158</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 37. EARNINGS PER SHARE

	1 January - 31 December 2019	1 January - 31 December 2018
Average number of shares existing during the period (1/1000 value)	75,000,000	75,000,000
Net profit for the period attributable to equity holders of the parent	527,224	450,743
<b>Earnings per share</b>	<b>0,703</b>	<b>0,601</b>
Total comprehensive income attributable to equity holders of the parent	643,564	486,103
<b>Earnings per share obtained from total comprehensive income</b>	<b>0,8581</b>	<b>0,6481</b>

### 38. RELATED PARTY DISCLOSURES

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

As of 31 December 2019, the full list of the relationship level of all companies which are specified as related parties are grouped in alphabetical order as follows:

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 38. RELATED PARTY DISCLOSURES (Continued)

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

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

Deposits from related parties:	31 December 2019	31 December 2018
T. İş Bankası A.Ş.		
- Time deposits	930,796	87,676
- Demand deposits	7,002	4,957
	<b>937,798</b>	<b>92,633</b>
İşbank AG		
- Time deposits	-	12
- Demand deposits	50	316
	<b>50</b>	<b>328</b>
Bank borrowings from related parties.	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	675,000	-
Financial liabilities:	31 December 2019	31 December 2018
Bonds issued through Şişecam Holding (*)	1,196,464	528,387

(\*) In May 9, 2013, T. Şişe ve Cam Fabrikaları A.Ş. issued fixed interest bonds with a nominal value of US Dollars 500,000 thousand and maturity dated May 2020 representing a 7 years term. Interest rate of the bond was determined as 4.25%. The capital payment of the bond will be made at the maturity date. US Dollars 100.000 thousand provided from this bond issue was transferred to Group with the same condition and the Group is guarantor for the portion transferred to itself regarding the principle. interest and other payments. On March 29, 2019, the nominal value of US Dollars 40,016 thousand was paid off before maturity. The remaining nominal amount of 59,984 thousand US Dollars will expire on May 9, 2020.

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

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



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 38. RELATED PARTY DISCLOSURES (Continued)

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

	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	1,209	135

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

	31 December 2019	31 December 2018
T. İş Bankası A.Ş.	91,203	80,660
Türkiye Sınai Kalkınma Bankası A.Ş.	45,019	40,627
	<b>136,222</b>	<b>121,287</b>

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

	31 December 2019	31 December 2018
Türkiye İş Bankası A.Ş.	1,662	2,245
Türkiye Sınai Kalkınma Bankası A.Ş.	506	842
	<b>2,168</b>	<b>3,087</b>

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

Security issuer	ISIN code	Coupon interest rate (%)	31 December 2019 Nominal amount (US Dollar)	31 December 2018 Nominal amount (US Dollar)
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	6,393	6,393
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	5,080	5,080
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	3,600	3,600
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	220	220
			<b>15,293</b>	<b>15,293</b>
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	5,759	5,759
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	1,800	1,800
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1117601796	5.375	160	160
			<b>7,719</b>	<b>7,719</b>
			<b>23,012</b>	<b>23,012</b>

**ANADOLU CAM SANAYİİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019**

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

**38. RELATED PARTY DISCLOSURES (Continued)**

<b>Trade receivables</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Paşabahçe Cam Sanayii ve Tic. A.Ş.	581	297
Trakya Cam Sanayii A.Ş.	423	127
SC Glass Trading B.V.	421	620
Şişecam Çevre Sistemleri A.Ş.	342	70
Türkiye Şişe ve Cam Fabrikaları A.Ş.	338	615
Şişecam Dış Ticaret A.Ş.	68	1,081
Soda Sanayii A.Ş.	67	-
Paşabahçe Mağazaları A.Ş.	57	42
Camiş Madencilik A.Ş.	30	-
Şişecam Otomotiv A.Ş.	27	20
OOO Posuda	-	2
Other	-	3
	<b>2,354</b>	<b>2,877</b>

<b>Other receivables</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	87,170	39,929
Camiş Madencilik A.Ş.	352	-
Şişecam Çevre Sistemleri A.Ş.	-	56
Şişecam Dış Ticaret A.Ş.	-	2,899
	<b>87,522</b>	<b>42,884</b>

<b>Trade payables</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	95,191	41,932
Şişecam Dış Ticaret A.Ş.	23,300	12,208
Soda Sanayii A.Ş.	17,770	13,179
Şişecam Enerji A.Ş.	15,931	8,775
Şişecam Çevre Sistemleri A.Ş.	14,002	6,513
Camiş Madencilik A.Ş.	2,377	3,052
Camis Egypt Mining Ltd. Co.	1,161	798
OOO Posuda	169	-
İş Merkezleri Yönetim ve İşletim A.Ş.	103	56
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	29	17
Paşabahçe Cam Sanayii ve Tic. A.Ş.	16	685
Pasabahçe Bulgaria EAD	12	-
Çayırova Cam Sanayii A.Ş.	8	-
Paşabahçe Mağazaları A.Ş.	-	16
Trakya Cam Sanayii A.Ş.	-	10
Automotive Glass Alliance Rus AO	-	76
Trakya Glass Rus AO	-	181
Cam Elyaf Sanayii A.Ş.	-	35
İş Yatırım Menkul Değerler A.Ş.	-	21
Camis Limited	-	9,824
	<b>170,069</b>	<b>97,378</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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### 38. RELATED PARTY DISCLOSURES (Continued)

Other payables	31 December 2019	31 December 2018
Şişecam Dış Ticaret A.Ş.	21,160	15,336
Trakya Cam Sanayii A.Ş.	547	549
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	11	12
Paşabahçe Cam Sanayii ve Tic. A.Ş.	-	64
Other (*)	4,929	2,638
	<b>26,647</b>	<b>18,599</b>

(\*) 2018 Annual Shareholders' General Assembly Meetings held during the period of 1 January- 31 December 2019, represent the portion of the cash profit distribution amounts determined outside the Group and the amount of accumulated profit that the Company's founding partners have not requested yet.

Sales to Related Parties	1 January - 31 December 2019	1 January - 31 December 2018
Paşabahçe Mağazaları A.Ş.	6,736	7,239
Paşabahçe Cam Sanayii ve Tic. A.Ş.	212	114
Trakya Cam Sanayii A.Ş.	3	-
	<b>6,951</b>	<b>7,353</b>

Purchases from related parties	1 January - 31 December 2019	1 January - 31 December 2018
Şişecam Enerji A.Ş.	133,035	57,737
Camiş Madencilik A.Ş.	95,917	72,232
Soda Sanayii A.Ş.	68,753	51,297
Şişecam Çevre Sistemleri A.Ş.	56,164	31,601
Camis Egypt Mining Ltd. Co.	30,248	19,078
OOO Posuda	244	46
Paşabahçe Cam Sanayii ve Tic. A.Ş.	217	426
Automotive Glass Alliance Rus AO	147	521
Trakya Glass Bulgaria EAD	38	-
Trakya Cam Sanayii A.Ş.	23	62
Cam Elyaf Sanayii A.Ş.	14	29
Şişecam Dış Ticaret A.Ş.	10	23
Pasabahçe Bulgaria EAD	10	-
Sisecam Bulgaria EOOD	-	2,640
Türkiye Şişe ve Cam Fabrikaları A.Ş.	-	13
Trakya Glass Rus AO	-	154
	<b>384,820</b>	<b>235,859</b>

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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### 38. RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties	1 January - 31 December 2019	1 January - 31 December 2018
T. İş Bankası A.Ş. İşbank AG	24,326	15,194
Türkiye Şişe ve Cam Fabrikaları A.Ş.	4,777	1,271
Şişecam Çevre Sistemleri A.Ş.	268	16
Camiş Elektrik Üretim A.Ş.	44	5
Paşabahçe Cam Sanayii ve Tic. A.Ş.	35	-
Camiş Madencilik A.Ş.	26	1
Trakya Cam Sanayii A.Ş.	-	6
	<b>29,476</b>	<b>16,493</b>
Interest expenses to related parties	1 January - 31 December 2019	1 January - 31 December 2018
Türkiye İş Bankası A.Ş.	55,548	-
Türkiye Şişe ve Cam Fabrikaları A.Ş.	16,573	6,663
Şişecam Dış Ticaret A.Ş.	4,112	1,264
Çayırova Cam Sanayii A.Ş.	2	2
Paşabahçe Cam Sanayii ve Tic. A.Ş.	1	31
Şişecam Çevre Sistemleri A.Ş.	-	48
Şişecam Enerji A.Ş.	-	45
Camiş Madencilik A.Ş.	-	36
Soda Sanayii A.Ş.	-	23
Şişecam Otomotiv A.Ş.	-	1
	<b>76,236</b>	<b>8,113</b>
Dividend income from related parties	1 January - 31 December 2019	1 January - 31 December 2018
Camiş Elektrik Üretim A.Ş.	5,216	1,044
	<b>5,216</b>	<b>1,044</b>

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**38. RELATED PARTY DISCLOSURES (Continued)**

<b>Other income from related parties</b>	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Paşabahçe Cam Sanayii ve Tic. A.Ş.	2,777	2,517
Trakya Cam Sanayii A.Ş.	1,463	1,064
Türkiye Şişe ve Cam Fabrikaları A.Ş.	977	2,394
Şişecam Çevre Sistemleri A.Ş.	722	546
Paşabahçe Mağazaları A.Ş.	576	431
Şişecam Otomotiv A.Ş.	276	206
Şişecam Dış Ticaret A.Ş.	108	68
OOO Posuda	73	92
Soda Sanayii A.Ş.	-	101
SC Glass Trading B.V.	-	272
Automotive Glass Alliance Rus AO	-	16
Trakya Glass Rus AO	-	10
Çayırova Cam Sanayii A.Ş.	-	2
	<b>6,972</b>	<b>7,719</b>
<b>Other expenses to relates parties</b>	<b>1 January - 30 September 2019</b>	<b>1 January - 30 September 2018</b>
Türkiye Şişe ve Cam Fabrikaları A.Ş.	124,059	65,157
Şişecam Çevre Sistemleri A.Ş.	8,827	5,378
Şişecam Dış Ticaret A.Ş.	3,359	1,832
İş Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(1)</sup>	1,863	1,413
İş Merkezleri Yönetim ve İşletim A.Ş. <sup>(2)</sup>	917	727
SC Glass Trading B.V.	206	-
İş Portföy Yönetimi A.Ş.	156	132
Çayırova Cam Sanayii A.Ş.	76	63
Paşabahçe Mağazaları A.Ş.	54	33
Türkiye İş Bankası A.Ş.	52	-
OOO Posuda	31	12
İş Factoring Finansman Hizmetleri	-	162
Paşabahçe Cam Sanayii ve Tic. A.Ş.	-	64
İş Yatırım Menkul Değerler A.Ş.	-	21
Cam Elyaf Sanayii A.Ş.	-	13
Trakya Polatlı Cam Sanayii A.Ş.	-	13
Trakya Cam Sanayii A.Ş.	-	65
	<b>139,600</b>	<b>75,085</b>

(1) In the period 1 January-31 December 2019, a rental payment of TRY 1,863 thousand was made for Tuzla Şişecam headquarters where the business center is located. As of 1 January 2019, TRY 589 thousand accounted for as depreciation expense and TRY 1,700 thousand is accounted for as interest expense in financial expense according to the TFRS-16 "Leases" standard (1 January -31 December 2018: TRY 1,394 thousand).

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

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

Key management compensation benefits	31 December 2019	31 December 2018
Parent	7,298	6,064
Consolidated entities	14,320	11,397
	<b>21,618</b>	<b>17,461</b>

Key management personnel is composed of top management, members of board of directors, general manager and vice general manager and factory directors. The Group, provided TRY 288 thousand post-employment benefit to key management for the period 1 January - 31 December 2019. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits for the period 1 January – 31 December 2018.

**39. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT****a) Capital Risk Management**

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

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

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

As of 31 December 2019 and 31 December 2018 the Group's net debt / total equity ratios are as follows:

	31 December 2019	31 December 2018
Financial liabilities and trade payables	4,225,463	2,521,857
Less: Cash and cash equivalents	(989,866)	(153,458)
Less: Financial investments	(393,743)	(349,420)
<b>Net debt</b>	<b>2,841,854</b>	<b>2,018,979</b>
<b>Total equity</b>	<b>2,826,011</b>	<b>2,309,462</b>
<b>Net debt / total equity ratio</b>	<b>1.01</b>	<b>0.87</b>

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

**b) Financial Risk Factors**

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

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

Risk management is carried out by the Risk Management Department, 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.

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

##### 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 periodical.

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

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

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

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

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



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

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

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

Maximum credit risk exposed as of statement of financial position date	Receivables						Financial investment Measured at amortized cost
	Related parties	Unrelated parties	Related parties	Unrelated parties	Cash and cash equivalents	Derivative instruments	
<b>Maximum credit risk exposed as of 31 December 2018 (*) (A+B+C+D+E)</b>	<b>2,877</b>	<b>770,681</b>	<b>42,884</b>	<b>10,864</b>	<b>153,587</b>	<b>-</b>	<b>349,420</b>
-	-	(312,400)	-	-	-	-	-
<b>A.</b> The part of maximum risk under guarantee with collaterals. etc.	2,877	714,197 (282,418)	42,884	10,864	153,587	-	349,420
<b>B.</b> Net value of financials assets that are neither past due nor impaired The part under guarantee with collaterals. etc Net book value of financial assets that are renegotiated. if not that will be accepted as part due or impaired	-	-	-	-	-	-	-
<b>C.</b> The part under guarantee with collaterals. etc Carrying value of financial assets that are past due but not impaired	-	56,484 (29,982)	-	-	-	-	-
<b>D.</b> Net book value of impaired assets Past due (gross carrying amount) Impairments	-	9,899 (9,899)	-	9,827 (9,827)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	136 (136)	-	-
-	-	-	-	-	-	-	-
<b>E.</b> The part under guarantee with collaterals. etc. Off-balance sheet items with credit risk.	-	-	-	-	-	-	-

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

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

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

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

Guarantees received from the customers are as follows:

	31 December 2019	31 December 2018
Domestic and foreign credit insurance	449,588	206,886
Letters of guarantee , promissory notes and bills	88,191	73,934
Direct debiting system (DDS)	27,660	23,930
Mortgages	7,650	7,650
	<b>573,089</b>	<b>312,400</b>

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

	31 December 2019	31 December 2018
1-30 days overdue	58,680	43,046
1-3 months overdue	8,448	7,463
3-6 months overdue	593	1,876
6-12 months overdue	91	946
1-5 years overdue	1,325	3,153
<b>Total overdue receivables</b>	<b>69,137</b>	<b>56,484</b>
<b>The part secured with guarantee (-)</b>	<b>56,794</b>	<b>29,982</b>

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

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

##### Liquidity risk tables

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

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

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

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

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

##### Liquidity risk tables (Continued)

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

Non-derivative Financial liabilities	Carrying Value	Total cash accordance with contracts (I+II+III+IV)	31 December 2019			
			Outflows in less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 Years (IV)
Bank borrowings	2,432,917	2,544,009	476,014	96,022	1,959,630	12,343
Bonds issued	1,196,464	1,555,246	7,572	421,687	275,902	850,085
Operational lease liabilities	21,002	36,246	3,784	8,662	11,228	12,572
Trade payables	405,012	406,671	348,019	58,607	45	-
Due to related parties	196,716	201,645	172,496	29,149	-	-
Other financial liabilities	22,394	22,392	7,248	15,144	-	-
	<b>4,274,505</b>	<b>4,766,209</b>	<b>1,015,133</b>	<b>629,271</b>	<b>2,246,805</b>	<b>875,000</b>
<b>Derivative Financial liabilities</b>						
Cash inflows	15,338	15,338	494	-	-	14,844
Cash outflows	-	-	-	-	-	-
	<b>15,338</b>	<b>15,338</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>14,844</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

Non-derivative Financial liabilities	31 December 2018					
	Carrying Value	Total cash accordance with contracts (I+II+III+IV)	Outflows in less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 Years (IV)
Bank borrowings	1,530,218	1,657,650	370,408	449,376	825,736	12,130
Bonds issued	528,386	570,400	-	22,359	548,041	-
Trade payables	365,875	370,577	320,081	49,357	1,139	-
Due to related parties	115,977	116,094	23,211	25,500	67,383	-
Other financial liabilities	15,036	15,036	5,721	9,315	-	-
	<b>2,555,492</b>	<b>2,729,757</b>	<b>719,421</b>	<b>555,907</b>	<b>1,442,299</b>	<b>12,130</b>
<b>Derivative Financial liabilities</b>						
Cash inflows	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-
	-	-	-	-	-	-

#### b.3) Market Risk Management

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

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

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

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

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

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

##### b.3) Market Risk Management (Continued)

##### b.3.1) Foreign Currency Risk Management (Continued)

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

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

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

##### b.3) Market Risk Management (Continued)

##### b.3.1) Foreign Currency Risk Management (Continued)

		Foreign Currency Position as of 31 December 2018			
		TRY Equivalent	US Dollar	EUR	Other
1.	Trade receivables	150,838	7,333	17,418	7,261
2a.	Monetary financial assets (cash and cash equivalents included)	480,718	75,062	13,680	3,364
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	26,482	341	4,038	348
<b>4.</b>	<b>Current Assets (1+2+3)</b>	<b>658,038</b>	<b>82,736</b>	<b>35,136</b>	<b>10,973</b>
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Others	80,674	260	11,223	11,654
<b>8.</b>	<b>Non-current Assets (5+6+7)</b>	<b>80,674</b>	<b>260</b>	<b>11,223</b>	<b>11,654</b>
<b>9.</b>	<b>Total Assets (4+8)</b>	<b>738,712</b>	<b>82,996</b>	<b>46,359</b>	<b>22,627</b>
10.	Trade payables	109,371	1,682	15,088	9,568
11.	Financial liabilities	71,717	1,885	10,253	-
12a.	Other monetary liabilities	12,609	1,933	404	-
12b.	Other non-monetary liabilities	-	-	-	-
<b>13.</b>	<b>Current Liabilities (10+11+12)</b>	<b>193,697</b>	<b>5,500</b>	<b>25,745</b>	<b>9,568</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	598,249	103,923	8,547	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
<b>17.</b>	<b>Non-current Liabilities (14+15+16)</b>	<b>598,249</b>	<b>103,923</b>	<b>8,547</b>	<b>-</b>
<b>18.</b>	<b>Total Liabilities (13+17)</b>	<b>791,946</b>	<b>109,423</b>	<b>34,292</b>	<b>9,568</b>
19.	Net asset position of off balance sheet / derivative instruments(19a - 19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
<b>20.</b>	<b>Net foreign assets / (liability) position (9–18+19)</b>	<b>(53,234)</b>	<b>(26,427)</b>	<b>12,067</b>	<b>13,059</b>
<b>21.</b>	<b>Net foreign asset / (liability) position of monetary items (=1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>(160,390)</b>	<b>(27,028)</b>	<b>(3,194)</b>	<b>1,057</b>
22.	Fair value of financial instruments used in foreign currency hedge	-	-	-	-
23.	Export	506,505	34,257	54,988	28,762
24.	Import	663,667	3,894	107,955	31,787

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

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

##### b.3) Market Risk Management (Continued)

##### b.3.1) Foreign Currency Risk Management (Continued)

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

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

#### *Foreign currency sensitivity*

	31 December 2019			
	Profit / (Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of US Dollar against TRY by 10%				
1- US Dollar net assets / liabilities	(2,374)	2,374	-	-
2- US Dollar hedged from risks (-)	79,554	(79,554)	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>77,180</b>	<b>(77,180)</b>	-	-
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	12,374	(12,374)	286,754	(286,754)
5- EUR hedged from risks (-)	(78,020)	78,020	-	-
<b>6- EUR net effect (4+5)</b>	<b>(65,646)</b>	<b>65,646</b>	<b>286,754</b>	<b>(286,754)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	2,699	(2,699)	74,962	(74,962)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>2,699</b>	<b>(2,699)</b>	<b>74,962</b>	<b>(74,962)</b>
<b>Total (3+6+9)</b>	<b>14,233</b>	<b>(14,233)</b>	<b>361,716</b>	<b>(361,716)</b>

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

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

##### b.3) Market Risk Management (Continued)

##### b.3.1) Foreign Currency Risk Management (Continued)

	31 December 2018			
	Profit / (Loss)		Equity (*)	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of US Dollar against TRY by 10%				
1- US Dollar net assets / liabilities	(14,219)	14,219	-	-
2- US Dollar hedged from risks (-)	-	-	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>(14,219)</b>	<b>14,219</b>	<b>-</b>	<b>-</b>
Change of EUR against TRY by 10%				
4- EUR net assets / liabilities	(1,925)	1,925	257,328	(257,328)
5- EUR hedged from risks (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(1,925)</b>	<b>1,925</b>	<b>257,328</b>	<b>(257,328)</b>
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	105	(105)	43,241	(43,241)
8- Other currencies hedged from risks (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>105</b>	<b>(105)</b>	<b>43,241</b>	<b>(43,241)</b>
<b>Total (3+6+9)</b>	<b>(16,039)</b>	<b>16,039</b>	<b>300,569</b>	<b>(300,569)</b>

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

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current statement of financial position composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased / decreased by 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the year before taxation and non-controlling interest would decrease / increase by TRY (2,372) thousand as of 31 December 2019 (31 December 2018: TRY (906) thousand).



# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

##### b.3.2) Interest Rate Risk Management

##### Interest rate sensitivity

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

	31 December 2019			Total
	Floating interest	Fixed interest	Non-interest bearing	
<b>Financial Assets</b>	-	<b>2,475,590</b>	<b>53,254</b>	<b>2,528,844</b>
Cash and cash equivalents	-	936,612	53,254	989,866
Financial investments	-	393,743	-	393,743
Trade receivables	-	1,042,806	-	1,042,806
Due from related parties	-	89,876	-	89,876
Other receivables	-	12,553	-	12,553
<b>Financial Liabilities</b>	<b>953,911</b>	<b>3,320,594</b>	-	<b>4,274,505</b>
Bank borrowings	953,911	1,479,006	-	2,432,917
Bond issued	-	1,196,464	-	1,196,464
Operational lease liabilities	-	21,002	-	21,002
Trade payables	-	405,012	-	405,012
Due to related parties	-	196,716	-	196,716
Other payables	-	22,394	-	22,394

	31 December 2018			Total
	Floating interest	Fixed interest	Non-interest bearing	
<b>Financial Assets</b>	-	<b>1,298,873</b>	<b>31,311</b>	<b>1,330,184</b>
Cash and cash equivalents	-	122,147	31,311	153,458
Financial investments	-	349,420	-	349,420
Trade receivables	-	770,681	-	770,681
Due from related parties	-	45,761	-	45,761
Other receivables	-	10,864	-	10,864
<b>Financial Liabilities</b>	<b>377,571</b>	<b>2,177,335</b>	<b>586</b>	<b>2,555,492</b>
Bank borrowings	377,571	1,152,061	586	1,530,218
Bond issued	-	528,386	-	528,386
Trade payables	-	365,875	-	365,875
Due to related parties	-	115,977	-	115,977
Other payables	-	15,036	-	15,036

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

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

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

##### Equity Price Sensitivity

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

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

- Net profit/loss would not be affected as of 31 December 2019 to the extent that equity share investments are not classified as financial assets at fair value through other comprehensive income or disposed of or impaired.

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

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

#### Categories of Financial Instruments

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

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

31 December 2018	Assets and liabilities measured at amortized cost	Financial assets and liabilities at fair value through other comprehensive income	Financial assets or liabilities fair value through profit or loss	Carrying value	Note
<b>Financial assets</b>	<b>1,319,320</b>	-	-	<b>1,319,320</b>	
Cash and cash equivalents	153,458	-	-	153,458	6
Trade receivables	770,681	-	-	770,681	10
Due from related parties	45,761	-	-	45,761	38
Derivative financial instruments	-	-	-	-	12
Financial investments	349,420	-	-	349,420	7
<b>Financial liabilities</b>	<b>2,540,456</b>	-	-	<b>2,540,456</b>	
Financial liabilities	2,058,604	-	-	2,058,604	8
Trade payables	365,875	-	-	365,875	10
Due to related parties	115,977	-	-	115,977	38
Derivative financial liabilities	-	-	-	-	12

#### Financial Assets / Liabilities Carried at Fair Value

Financial assets	Total	31 December 2019		
		Category 1	Category 2	Category 3
Derivative financial instruments	15,338	-	15,338	-
<b>Total</b>	<b>15,338</b>	<b>-</b>	<b>15,338</b>	<b>-</b>
Financial liabilities	Total	31 December 2019		
		Category 1	Category 2	Category 3
Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial assets	Total	31 December 2018		
		Category 1	Category 2	Category 3
Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities	Total	31 December 2018		
		Category 1	Category 2	Category 3
Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

# ANADOLU CAM SANAYİİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2019

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

### 41. SUBSEQUENT EVENTS

Having considered Sisecam Group's long term strategy, its global competitors, and the potential synergies that could be captured by combining all of Sisecam's activities in one entity, it was decided in the Board of Directors Meeting of our Company on January 30, 2020 to engage in negotiations regarding a merger during which Denizli Cam Sanayii ve Ticaret A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Soda Sanayii A.Ş., Trakya Cam Sanayii A.Ş. and our Company will be transferred to and merged under Türkiye Şişe ve Cam Fabrikaları A.Ş. This is pursuant to Capital Markets Law Number 6362, Capital Market Board's Communiqué Number Seri:II, N 23.1 on Common Principles Applicable to Important Category Transactions and the Right to Exit, Capital Market Board's Communiqué Number Seri:II, N 23.2 on Mergers and Spin-offs, Turkish Commercial Code number 6102, Corporate Tax Law number 5520 and other applicable legislation. The expected synergies will be achieved through an efficient, lean and agile governance that will maximize shareholder value through increased trading volume and depth of shares.

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

#### Approval of Financial Statements

The Group's audited consolidated financial statements as of 31 December 2019 prepared in accordance with the Capital Markets Board's Communiqué Serial: II. No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director, Sibel Koç Karacaoğlu with Budget and Financial Control Manager İlker Güven and approved for the public announcement by the Board of Directors on 30 January 2020.

# ANADOLU CAM SANAYİİ A.Ş.

## CONSOLIDATED PROFIT DISTRIBUTION FOR 2019 PERIOD

Anadolu Cam Sanayii A.Ş.

### Profit Distribution for 2019 Period

Dear Shareholders,

Our company closed 2019 fiscal year with a profit of TRY 527,224,000.

We hereby kindly submit for your consideration and approval of matters that our net profit for the period amounting to TRY 527,224,000, which is given in our consolidated balance sheet of 2019 prepared in accordance with "The Communiqué on Financial Reports in the Capital Market" released by the Capital Markets Board ("CMB") under serial number II-14.1, to be divided as follows in accordance with regulations of CMB concerned with profit distribution and article 29 of Articles of Association of our Company and principles stipulated in our company's publicly disclosed "Profit Distribution Policies"

1. Net Profit for the Period	527,224,000
2. Amount allocated to the Special Fund pursuant to Article 5/1-e of Corporate Tax Law	0
3. Primary Reserves	(5,289,782)
4. Net Distributable Profit for the Period	521,934,218
5. Donations Granted within the Year	5,332,681
6. Net Distributable Profit for the Period, including Donations, on which the Calculation of First Dividend is based	527,266,899
7. First Dividend to Shareholders	100,000,000
8. Dividend to Founders	33,754,737
9. Dividend to Class B Shareholders	8,438,684
10. General Legal Reserves	10,469,342
11. Extraordinary Reserves	369,271,455

gross dividend amount of TRY 100,000,000 that corresponds to 19.16% of the distributable net profit of the period, to distribute the dividends, that the shareholders subject to withholding to be paid net cash after income tax withholding over cash profit share, at a gross amount of TRY 33,754,737 to the founder dividend shares and of TRY 8,438,684 to the Class B shares in cash, decided to be distributed amount TRY 142,193,421 fulfilled from; the distributable net profit of the period of TRY 100,505,852 from the legal records, and the remaining TRY 41,687,569 from the prior years' profits and to determine cash dividend payment date as 29 May 2020.

With my best regards,



**PROF. DR. AHMET KIRMAN**

Chairperson of Board of Directors

All amounts are denominated in Turkish Lira (TRY).

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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### PROFIT DISTRIBUTION POLICY

The Company's profit distribution policy is based on the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws, and other applicable legislation and the provisions of the Articles of Association of the Company.

Accordingly,

- a) The Company has adopted the principle of distributing at least 50% of the distributable net period profit calculated as dividend in the form of cash and / or bonus shares at the end of the relevant periods in the framework of the Capital Market Legislation and other applicable legislation. Considering the factors such as economic conditions, investment plans, and cash position, the Ordinary General Assembly of Shareholders may decide to make a different distribution from the target rate.
- b) Profit distribution proposals of our Board of Directors, including details set forth in Capital Markets Board regulations and Corporate Governance Principles, are announced to public through the Public Disclosure Platform, our company's website, and annual report within legal periods.
- c) The dividends in cash to be distributed in accordance with the decision to be taken at the General Assembly are paid on the date determined at the General Assembly. The transactions related to the dividends to be distributed as bonus shares are consummated within the legal period stipulated in the regulations of the Capital Markets Board.
- d) Profit shares within the framework of the profit distribution policy are distributed equally to all of the existing shares as of the date of distribution, irrespective of their issuance and acquisition dates.
- e) In the event that the Board of Directors proposes not to distribute the profit to the General Assembly, information on the justification thereof and form of usage of undistributed profit are presented to the shareholders at the General Assembly meeting.
- f) In the profit distribution policy, a balanced policy is observed between the interests of shareholders and the interests of the company.
- g) There is no practice of granting dividend to our Board members and employees, although the founder dividend shares and Class B share certificates are entitled to receive dividends according to our Company's Articles of Association.
- h) According to the Company's Articles of Association, the Board of Directors may distribute dividend advances on condition to be authorized by the General Assembly and to comply with the Capital Market Law and the related regulations of the Capital Markets Board. The authority to distribute the dividend advance granted to the Board of Directors by the General Assembly is limited to the year in which such authority is granted.

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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### CONSTITUTION AND PROCEDURAL RULES OF THE COMMITTEES REPORTING TO BOARD OF DIRECTORS

#### STRUCTURE AND CONSTITUTION OF THE COMMITTEES

- The Audit Committee, Corporate Governance Committee, and Early Risk Determination Committee have been established as the sub-committees of the Board of Directors within the Company under the Capital Markets Board regulations and the Nomination Committee and Wage Committee function within the Corporate Governance Committee.
- Other committees are also established as necessary in line with the legislative changes. Besides the said committees, other committees can also be established as deemed advisable by the Board of Directors.
- Where it is possible to combine the duties, powers, and responsibilities of more than one committees under the statutory regulations, the committees having the said nature can be formed.
- The duties of the committees, their working principles and members are determined by the Board of Directors according to the statutory regulations.
- The committees are formed by at least two members selected among the members of the Board of Directors unless otherwise provided in the legislation. The legislative provisions that relate to the qualifications of the members and chairpersons are observed.
- The committees function within the powers and responsibilities assigned to them by the Board of Directors.
- The tenure of the committee members is for the same period with their tenure at the Board of Directors unless the latter takes a decision to the contrary.

#### PROCEDURAL RULES OF THE COMMITTEES

- The committee activities are fulfilled through the work meetings where members convene. In determining the committees' meeting calendars, legislative provisions and the working principles adopted by the Board of Directors are observed.
- The committee meetings are conducted in accordance with the timing of Board of Directors meetings as far as possible. Where deemed necessary, the Company's managers can attend the meetings to deliver their opinions and give information on the items of agenda upon the Committee's invitation and only in an advisory nature.
- Meetings are held with an agenda. The agenda is prepared to cover the duties assigned to the Committees under the legislation.

Agenda Covers the Following as a Minimum:

**For the Audit Committee:** observation of the accounting system, disclosure of financial information, and functioning and efficiency of independent audit and internal control system;

**For the Early Risk Determination Committee:** early detection and management of the internal and external risks that can endanger the Company's operations and review of the risk management systems;

**For the Corporate Governance Committee:** monitoring and improvement of compliance with Corporate Governance Principles, supervision of the efforts of the unit in charge of shareholder relations, and also in the context of the other activities conducted within the Corporate Governance Committee:

**For the Nomination Committee duties:** nomination and assessment of the adequate candidates for the Board of Directors, assessment of the Board of Directors' structure and efficiency and advising the Board of Directors on these matters, and determination and monitoring of the approaches, principles, and practices for the performance evaluation and career planning for the Board of Directors members and senior executives; and

**For the Wage Committee duties:** making suggestions for the wage determination principles regarding the Board of Directors members and senior executives by also taking the Company's long-term objectives into account and for setting the criteria that can be used for wage determination in connection with the performance of the Company and the Board of Directors members.

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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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- The information and documentation related to the agenda are prepared and presented to the members for sufficient time before the meeting.
- In performing their duties, the Committees can seek the opinion of expert personas or entities.
- Committee meetings are held with the quorum of the total number of members. Committee decisions are taken by majority of the votes of the members present at the meetings.
- The issues discussed and the decisions taken at the meetings are recorded by the scribe assigned by the Committee and this report is signed by the members.

Committees regularly refer the issues addressed by them within their powers to the Board of Directors or seek the Board of Directors' approval.

### STRUCTURE AND CONSTITUTION OF THE BOARD OF DIRECTORS

Board of Directors primarily pays regard for the Company's long-term interests, with rational and cautious risk management approach by keeping the risk, growth and return balance of the Company at the optimum level with the strategic decisions it makes and manages and represents the Company by these principles.

The Board of Directors has defined the Company's strategic objectives, identified the human and financial resources that it needs, and monitors the management performance of the Company. It also observes the compliance of the Company's activities with the legislation, the Articles of Association, the internal directives and, policies made.

The Board of Directors is constituted to enable its members to carry out their duties efficiently and constructively, to make quick and rational decisions, and to ensure the constitution of the committees and organization of their work effectively.

There are members in the Board of Directors who are both in charge for executions and non-executive members. A non-executive member of the Board of Directors is a person that does not have any other administrative duties in the Company other than the membership duty at the Board of Directors and does not take part the daily work flow and ordinary operations of the Company. The majority of the members of the Board of Directors consist of non-executive members. Vice Chairperson of Board of Directors Abdullah Kılınç and Member of Board of Directors Sibel Koç Karacaoğlu are the executive members of the Board of Directors. The Chairperson of Board of Directors and the General Manager are not the same person. There are two independent members in the Board of Directors in line with the independence criteria stipulated in the Corporate Governance Principles of the Capital Markets Board.

Independent members were determined by the Corporate Governance Committee on the 13 February 2019 in accordance with the procedures stipulated in the corporate governance principles and presented to the Board of Directors on the same date. The independent members so suggested were found suitable and elected at the meeting of our Board of Directors on the 7 March 2019.

The independent members determined within this context and the non-independent members of the Board of Directors were elected for 1 year at the Ordinary General Assembly held on the 7 March 2019 for 2018 period. As the 1-year term of office of the members of the Board of Directors shall be due at the Ordinary General Assembly meeting to be held in 2020, the election shall be made for the members of the board of directors at the said ordinary general assembly meeting. The CVs of the members of the Board of Directors are disclosed to the public in the relevant section of our annual report and on the corporate website of the Company, and, during this period, nothing has emerged that has impaired the independence of independent members. Statements of the independent members on this issue are presented below.



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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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### STATEMENT OF INDEPENDENCE

To the Chair of the Board of

Anadolu Cam Sanayii A.Ş.

As a member of the Board of Directors of Anadolu Cam Sanayii A.Ş., I currently meet the membership terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that impairs the independence in question, I do hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and, at the same time, to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.

With my best regards,



**MEHMET CELAL BETİL**

### STATEMENT OF INDEPENDENCE

To the Chair of the Board of

Anadolu Cam Sanayii A.Ş.

As a member of the Board of Directors of Anadolu Cam Sanayii A.Ş., I currently meet the membership terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that impairs the independence in question, I do hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and, at the same time, to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.

With my best regards,



**İLHAN İL**

# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### POWERS OF BOARD OF DIRECTORS

The Board of Directors' powers are set out in Article 14 of the Company's Articles of Association as follows:

The Board of Directors is empowered to resolve on any and all necessary businesses and transactions to carry out the Company's business operations other than those assigned to the General Assembly under the Law and pursuant to the Articles of Association. The Board of Directors is, under an internal directive to be issued, authorized to transfer the management in part or as a whole to one or more Board member/s or third person/s in line with the provisions of the relevant legislation. Tenures and signing authorities of the General Manager and managers and all officers with the signing authority are not limited by the officer terms of the members of the Board of Directors. The signing authorities of these persons will remain valid until revoked by the Board of Directors.

### DUTIES OF THE MEMBERS OF BOARD OF DIRECTORS OUTSIDE THE COMPANY

Name, Surname	Title	Duties Currently Undertaken out of the Partnership
Ahmet Kırman	Chairperson of Board of Directors	Vice Chairperson of Board of Directors - General Manager of T. Şişe ve Cam Fabrikaları A.Ş., Chairperson of Board of Directors of Paşabahçe Cam San. ve Tic. A.Ş., Trakya Cam San. A.Ş., Soda Sanayi A.Ş., Paşabahçe Mağazaları A.Ş., Şişecam Çevre Sistemleri A.Ş., Şişecam Enerji A.Ş., Camiş Elektrik Üretim A.Ş., Trakya Investment B.V., Anadolu Cam Investment B.V., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company, SiseCam Glass Packaging B.V., SiseCam Chem Investment B.V., SC Glass Trading B.V., Pasabahce Investment B.V., OOO Posuda, AC Glass Holding B.V., SiseCam Flat Glass Holding B.V., Nude Glass Investment B.V., Istanbul Investment B.V., and Nude Design Investment B.V.
Abdullah Kılınc	Vice Chairperson of Board of Directors	Chairperson of Board of Directors of JSC Mina
Sibel Koç Karacaoğlu	Member, Member of the Corporate Governance Committee	Member of Board of Directors of JSC Mina
Mehmet Celal Betil	Independent Member, Chairperson of the Audit Committee, Chairperson of the Corporate Governance Committee, Chairperson of the Early Risk Determination Committee	Member of Board of Directors of Borusan Group of Companies, Independent Member of Board of Directors of Paşabahçe Cam Sanayii ve Ticaret A.Ş.
İlhan İl	Independent Member, Member of the Audit Committee, Member of the Early Risk Determination Committee	Independent Member of Board of Directors of Süttaş Süt Ürünleri A.Ş. and Trakya Cam Sanayii A.Ş. and Chairperson of Board of Directors of Travelex Türkiye.
Zeynep Hansu Uçar	Member, Member of the Corporate Governance Committee, Member of the Early Risk Determination Committee	Subsidiaries Department Head of Türkiye İş Bankası A.Ş. and Member of Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş., Trakya Yatırım Holding A.Ş., T. Şişe ve Cam Fabrikaları A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., and Trakya Cam Sanayii A.Ş.

### OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors elects a Chairperson and a Vice Chairperson subsequent to each General Assembly Meeting. However, in case the Chairperson and / or the Vice Chairperson quit/s the office for any reason, the Board of Directors will re-elect for vacant positions. In the absence of the Chairperson, the Vice Chairperson leads the Board of Directors. If the Vice Chairperson is not present too, then a temporary chairperson shall be appointed by the Board of Directors to preside the meeting. The date and agenda of the meeting of the Board of Directors are determined by the Chairperson. The Vice Chairperson fulfils these responsibilities in the absence of the Chairperson.

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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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However, the date of the meeting can also be determined by Resolution of the Board of Directors. The Board of Directors convenes as the Company's business and operations require. However, it is compulsory to meet at least once a month.

During the period, the number of decisions taken by the Board of Directors was 45, and decisions were taken by majority of the votes. There was no board member who opposed the decisions taken. When taking decisions, the Board of Directors takes into consideration the meeting and decision quorums stipulated in the Turkish Commercial Code, the Capital Markets Law and related regulations.

The information and documentation related to the items included in the meeting agenda of the Board of Directors are presented to the members of the Board of Directors for their review for sufficient time before the meeting by providing equal information flow. Members of the Board of Directors may propose the Chairperson of Board of Directors to amend the agenda before the meeting. The opinions of the members who are unable to attend the meeting but whose opinions are reported in writing to the Board of Directors are presented to the other members for their review. Each member has a right to cast one vote at the Board of Directors meetings.

At the meetings of the Board of Directors, the items of the agenda are discussed clearly and in all aspects. The rate of participation of the members of the Board of Directors in the Board of Directors meetings held in 2019 was 99.63%. Independent members of the Board of Directors have not voted in their own elections. The Chairperson of Board of Directors makes the best efforts to ensure the active participation of non-executive members in the meetings of the Board of Directors. The grounds for the reasonable and detailed opposite votes on the issues that the members of the Board of Directors cast in meetings are recorded to the minutes of the decision. The detailed reasons of the opposing members are disclosed to the public. However, since no such an opposition or counterview was declared in the Board of Directors meetings held in 2019, no public announcement was made in this context.

Meetings of the Board of Directors are usually held at the headquarters of the Company. Important decisions of the Board of Directors are announced to the public through Public Disclosure Platform (PDP) and the text of the announcement to the public is also published on the Company's corporate website.

The powers and responsibilities of the members of the Board of Directors are clearly set out in the Articles of Association. The powers are exercised in accordance with principles set out in the internal directive, which was prepared by the decision of our Board of Directors dated 13th of November, 2014 and numbered 53 and registered on the 5th of December, 2014 and announced on the 11th of December, 2014 in accordance with Articles 367 and 371 of the Turkish Commercial Code. The Board of Directors works in close cooperation with the Investor Relations Department to maintain effective communication between the Company and its shareholders and to resolve disputes that may arise and plays a leading role in resolving these disputes.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Corporate Governance Committee, Audit Committee and Early Risk Determination Committee have been established within the Board of Directors in order to ensure the fulfillment of the duties and responsibilities of the Board of Directors in a healthy manner. The duties of the committees, working principles and by which members they will be formed are determined by the Board of Directors and disclosed to the public through the Company's corporate website.

All members of the Audit Committee are the independent members of the Board of Directors. The Chairperson of the Corporate Governance and Early Risk Determination Committees are also the independent members of the Board of Directors. The Corporate Governance Committee consists of three members, the Early Risk Determination Committee consists of three members, and the Audit Committee consists of two members.

The Chairperson of the Board of Directors does not take part in the committees. Except for the "Investor Relations Department" officer that holds office in the Corporate Governance Committee in accordance with corporate governance principles, executive members do not serve in the committees. A member of the Board of Directors, who is not qualified as an independent member, is assigned in two committees. Resources and support required for the fulfillment of the duties of the committees are provided by the Board of Directors. The committees can invite managers to their meetings and take their views that they deem necessary. The frequency of meetings of the committees is sufficient and all the work they have done has been written down and recorded. The information on their works and the reports on the results of the meetings are presented to the Board of Directors.

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# ANADOLU CAM SANAYİİ A.Ş.

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

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The Audit Committee supervises the functioning and effectiveness of the Company's accounting system, the disclosure of financial information to the public, independent audit, and the internal control and internal audit system, determines methods and criteria to be applied in reviewing and resolving the complaints received by the company regarding the accounting and internal control system and independent audit of the company and in assessing the notifications on the auditing and accounting matters received from employees in the scope of the confidentiality, informs the Board of Directors about its assessments and proposals related to their duties and responsibilities in writing, and communicates its assessment and opinions on the accuracy and fairness of annual and interim financial statements to be disclosed to public and compliance of them with accounting principles followed by the company by taking into account the views of the Company's responsible managers and independent auditors, together with its own comments in writing to the Board of Directors.

Members of the Audit Committee have the qualifications specified in the Corporate Governance Principles communiqué. The activities of the Audit Committee and the results of the meetings have been declared in the annual activity report. The Audit Committee held 4 meetings in 2019. The selection process of the independent audit firm is carried out in the form that recommendation of Audit Committee of audit firm that it finds suitable to the Board of Directors by considering the conditions of competence and independence of independent audit firms.

Corporate Governance Committee determines whether or not corporate governance principles are applied, if such principles are not observed, its justification and determines the conflicts of interest that arise due to the failure to fully comply with these principles, and makes recommendations to improve the corporate governance practices to the Board of Directors. It also supervises the efforts of "Investor Relations Department". The Corporate Governance Committee held 6 meetings in 2019.

Nomination Committee and Remuneration Committee were not established and the duties of these committees have been included in the working principles of the Corporate Governance Committee. Nominations for independent membership positions of the Board of Directors are evaluated by taking into account the independence criteria of candidates within the scope of the relevant legislation and these evaluations are recorded in a report.

Functions for establishing a transparent system for the determination, assessment and training of appropriate candidates for all membership seats of the Board of Directors, and carrying out works to set out policies and strategies on this matter and making regular assessment on the structure and effectiveness of the Board of Directors and making recommendations on changes may be made on these matters to the Board of Directors have been determined within scope of duties of the Committee.

The company's remuneration policy, in which the remuneration principles for the members of the Board of Directors and managers with administrative responsibilities are determined, has been set out and disclosed to the public on the corporate website.

Early Risk Determination Committee performs activities related to the early identification of the risks concerning the company's existence, development, and going concern status and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. The Early Risk Determination Committee held 8 meetings in 2019.

Notices regarding the meetings of the Audit Committee, Early Risk Determination Committee and Corporate Governance Committee meetings were duly served on the Board of Directors.

Since the Corporate Governance Principles require that all members of the Audit Committee should be the independent members and that the chairpersons of other committees should be the independent members, it has become mandatory for a member of the Board of Directors to serve in more than one committee.

### **The Audit Committee:**

Chairperson Mehmet Celal Betil (independent), İlhan İl (independent)

### **The Corporate Governance Committee:**

Chairperson Mehmet Celal Betil (independent), Zeynep Hansu Uçar, Sibel Koç Karacaoğlu

### **The Early Risk Determination Committee:**

Chairperson Mehmet Celal Betil (independent), İlhan İl (independent), Zeynep Hansu Uçar

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) are announced on Public Disclosure Platform (KAP) minimum three weeks before the General Assembly meeting date. CGCR has been used to report the compliance status with the voluntary principles, while using CGIF templates to give information on the current corporate governance practices.

Corporate Governance Compliance Report has been prepared as follows in accordance with the formats set forth under the Corporate Governance Communiqué numbered II-17.1 and decision numbered 2/49 and dated 10 January 2019 of the Capital Markets Board ("CMB"), adopted by the decision of the Board of Directors dated March 4, 2020.

The section denominated with (X) mark represents the Company's compliance status and required notes are given for the practices other than "Yes".

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Yes	Partial	Compliance Status			Note
			No	Exempted	N/A	
<b>1. SHAREHOLDERS</b>						
<b>1.1. Facilitating the Exercise of Shareholding Rights</b>						
1.1.2 Up-to-date information and disclosures that might affect the exercise of shareholding rights are made available to investors on the Company's corporate website.	X	-	-	-	-	
<b>1.2. Right to Demand and Review Information</b>						
1.2.1 The Company's management has avoided from transactions that obstruct special audits.	-	-	-	-	X	Right to request the assignment of special auditors has not yet been regulated as an individual right in the Company's Articles of Association. No request was received during the period for the special auditor assignment.
<b>1.3. General Assembly</b>						
1.3.2 The Company ensured the explicit statement of the General Assembly agenda and the submission of every suggestion under an individual title.X	-	-	-	-	-	
1.3.7 Insiders with privileged access to the shareholding details informed the Board of Directors about the transactions conducted by them within the scope of the Company's business line for inclusion into the agenda and conveyance to the General Assembly.	-	-	X	-	-	No transaction was done within the period.
1.3.8 Board members, other relevant persons, officers in charge of issuing the financial statements, and auditors were present at the General Assembly as required by the specific items of agenda.	X	-	-	-	-	
1.3.10 In the General Assembly agenda, the sums of donations and aids and beneficiaries thereof were addressed in a separate item.	-	X	-	-	-	An individual item is included in the agenda; but, due to large number of donations and beneficiaries, brief information is given.
1.3.11 General Assembly meeting was held open to Public without having the right to speak, including press and stakeholders.	-	X	-	-	-	No press participation.

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>1.4. Voting Right</b>						
1.4.1 There is no restriction and practice that obstruct the voting by shareholders.	X	-	-	-	-	
1.4.2 The Company does not have shares with privileged voting rights.	X	-	-	-	-	
1.4.3 The Company did not exercise its voting rights in the General Assembly of any affiliated association giving rise to a controlling relation.	-	-	-	-	X	Anadolu Cam Sanayii A.Ş. has 9 subsidiaries and 1 affiliate and has no mutual participation relation.
<b>1.5. Minority Rights</b>						
1.5.1 The Company showed utmost care to ensure the exercise of minority rights.	X	-	-	-	-	
1.5.2 Under the Articles of Association, minority rights were granted also to those holding the capital at rate lower than twentieth of the capital and their scope were expanded under the Articles of Association.	-	-	X	-	-	Legislations determined for public companies have been adopted, the Articles of Association does not contain any section on minority rights.
<b>1.6. Dividend Right</b>						
1.6.1 The profit distribution policy approved by the General Assembly has been disclosed on the corporate website.	X	-	-	-	-	
1.6.2 The profit distribution policy contains explicit information at a minimum level to enable shareholders in foreseeing the distribution procedures and methods for the profit of future periods.	X	-	-	-	-	
1.6.3 Reasons for retention of profit and disposal manner of the undistributed profit are stated in the relevant agenda item.	-	-	-	-	X	Profit is distributed.
1.6.4 The Board of Directors reviewed if a balanced is ensured between the interests of shareholders and the interests of the company.	X	-	-	-	-	
<b>1.7. Transfer of Shares</b>						
1.7.1 There is not restriction to obstruct the transfer of shares.	X	-	-	-	-	

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>2. PUBLIC DISCLOSURE AND TRANSPARENCY</b>						
<b>2.1. Corporate Website</b>						
2.1.1 The Company's corporate website contains all elements included in the corporate governance principle 2.1.1.	-	X	-	-	-	The dates and issue numbers of Turkish Trade Registry Gazettes and frequently asked questions section are not included
2.1.2 Shareholding structure (names, privileges, and number and rate of shares for the natural person shareholders having the issued capital by more than 5% are updated on the corporate website semiannually as a minimum.	-	-	X	-	-	There is no natural person shareholder having the issued capital by more than 5%.
2.1.4 Information on the Company's corporate website is also issued in the foreign languages as needed with the exact content of Turkish texts.	-	X	-	-	-	They are prepared in English, Russian, and Georgian. Relevant information is updated as needed.
<b>2.2. Annual Report</b>						
2.2.1 The Board of Directors ensures the reflection of the Company's operations in the annual report fairly.	X	-	-	-	-	
2.2.2 The annual report satisfies all of the matters included in principle 2.2.2.	-	X	-	-	-	Article 2.2.2/e; there was no conflict of interest between the Company and the firms providing services such as investment consulting and rating and there is no information on the measures taken to prevent them.
<b>3. STAKEHOLDERS</b>						
<b>3.1. Corporate Policy for Stakeholders</b>						
3.1.1 The stakeholders' rights are protected under the relevant regulations, contracts, and goodwill rules.	X	-	-	-	-	
3.1.3 The policies and procedures regarding the stakeholders' rights are posted on the Company's corporate website.	X	-	-	-	-	
3.1.4 Necessary mechanisms have been created for the stakeholders to report illegitimate and unethical transactions.	X	-	-	-	-	
3.1.5 The Company addresses the conflicts of interest arising among stakeholders in a balanced manner.	X	-	-	-	-	

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>3.2. Supporting the Stakeholders in their Participation in the Company's Management</b>						
3.2.1 Participation of employees in the management is regulated in the Articles of Association or internal directives.	-	X	-	-	-	Relevant requirements are set out in the "Constitution of Şişecam" issued by the Company's management and not included in the Articles of Association.
3.2.2 Survey/consultations and similar methods were conducted to receive the opinions of stakeholders on the important resolutions that have consequences for stakeholders.	X	-	-	-	-	
<b>3.3. The Company's Human Resources Policy</b>						
3.3.1 The Company has adopted a recruitment policy with equality of opportunity and a succession planning for all of the key positions.	X	-	-	-	-	
3.3.2 Personnel recruitment criteria have been set out in writing.	X	-	-	-	-	
3.3.3 The Company has a Human Resources Development Policy and employee trainings are organized in this context.	X	-	-	-	-	
3.3.4 Meetings were organized to inform the employees on the Company's financial status, remuneration, career planning, training, health, and similar subjects.	X	-	-	-	-	
3.3.5 Resolutions that may affect the employees were notified to them and employee representatives. Opinions of relevant unions were also received on these subjects.	X	-	-	-	-	
3.3.6 Elaborated job descriptions and performance criteria were prepared for all employees and announced to them and were used in remuneration resolutions.	X	-	-	-	-	
3.3.7 The procedures, trainings, awareness raising, objectives, monitoring, complaint mechanisms, and similar measures have been taken to prevent discrimination among employees and to protect them against physical, psychological, and emotional ill-treatment in the Company.	X	-	-	-	-	
3.3.8 The Company actively supports the recognition of the freedom of association and right to union agreements.	X	-	-	-	-	
3.3.9 Employees are provided with a secure work environment.	X	-	-	-	-	



# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>3.4. Customer and Supplier Relations</b>						
3.4.1 The Company has measured the customer satisfaction and operated with an unconditional customer satisfaction approach.	X	-	-	-	-	
3.4.2 In case of a delay in the processing of requests made for the goods and services bought by customers, they are informed thereon.	X	-	-	-	-	
3.4.3 The Company abides by the quality standards applicable to the goods and services.	X	-	-	-	-	
3.4.4 The Company has controls in place to keep the commercially sensitive information of its customers and suppliers confidential.	X	-	-	-	-	
<b>3.5. Codes of Conduct and Social responsibility</b>						
3.5.1 The Board of Directors has set and posted on the Company's corporate website the Codes of Conduct.	X	-	-	-	-	
3.5.2 The Company is sensitive to the social responsibility. It has taken measures to prevent bribery and corruption.	X	-	-	-	-	
<b>4. BOARD OF DIRECTORS</b>						
<b>4.1. The Board of Directors' Function</b>						
4.1.1 The Board of Directors ensures that the strategy and risks do not threaten the Company's long-term interests and that an efficient risk management process is implemented.	X	-	-	-	-	
4.1.2 The meeting agendas and minutes indicate that the Board of Directors discussed and approved the Company's strategic objectives, determined the resources required, and supervised the management's performance.	X	-	-	-	-	

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>4.2. Operating Principles of the Board Of Directors</b>						
4.2.1 The Board of Directors documented its operations and made available to the shareholders.	X	-	-	-	-	
4.2.2 The duties and powers of the Board members are disclosed in the annual report.	X	-	-	-	-	
4.2.3 The Board of Directors has created an internal control system in line with the Company's size and complexity of its operations.	X	-	-	-	-	
4.2.4 Information on the functioning and efficiency of the internal control system are given in the annual report.	X	-	-	-	-	
4.2.5 The duties of the Chairperson of the Board of Directors and Chief Executive Officer (General Manager) have been segregated and described.	X	-	-	-	-	
4.2.7 The Board of Directors ensure the effective functioning of the Investor Relationships Department and Corporate Governance Committee made efforts in close cooperation with the Investor Relationships Department and Corporate Governance Committee to maintain effective communication between the Company and shareholders, and to resolve any disputes between them.	X	-	-	-	-	
4.2.8 The Company has bought a Manager Liability Insurance with an insurance sum 25% above the capital policy against the losses that may be caused on the company as a result of any negligence of the members of the Board of Directors in the fulfillment of their duties.	X	-	-	-	-	
<b>4.3. Structure of the Board of Directors</b>						
4.3.9 The Company has set a minimum 25% female Board members target and made a policy to achieve this target. The Board of Directors' structure is reviewed annually and the nomination process is conducted According to this policy.	-	-	X	-	-	Although no written policy has been made by the Board of Directors, 2 out of 6 Board members are women and the rate of 33% is achieved.
4.3.10 At least one of the Audit Committee members has a 5-year experience on Audit / Accounting and finance subjects.	X	-	-	-	-	

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
<b>4.4. Manner of the Board of Directors Meetings</b>						
4.4.1 All members of the Board of Directors personally attended in most of the Board meetings.	X	-	-	-	-	
4.4.2 The Board of Directors has set a minimum period for delivery of the information and documentation on the items of agenda to all members prior to the meeting.	-	X	-	-	-	There is no minimum period, but information and documentation are delivered to all members in due time.
4.4.3 The opinions of the members who had been unable to attend the meeting but whose opinions were reported in writing to the Board of Directors were presented to the other members for their review.	X	-	-	-	-	
4.4.4 Each member has a right to cast one vote at the Board of Directors.	X	-	-	-	-	
4.4.5 Written internal regulations have been issued on how to hold the Board of Directors meetings.	X	-	-	-	-	
4.4.6 The minutes of the Board of Directors meetings indicate that all items of agenda were discussed and the resolution report is prepared to reflect the opposing opinions too.	X	-	-	-	-	
4.4.7 Assignment of the Board of Directors members for other positions outside of the Company is subject to a limitation. Shareholders were informed at the General Assembly on the other assignments of the Board of Directors members outside the Company.	-	X	-	-	-	There is no Board member take in charge outside the group, except independent members. Their resumes are included in the annual report.
<b>4.5. Committees Established within the Board of Directors</b>						
4.5.5 Every member of the Board of Directors can take office only in one committee.	-	-	X	-	-	A non-independent Board member takes office in two committees. Independent members take office in more than one committees.
4.5.6 Committees invited to meetings and received opinions from the persons as deemed advisable.	X	-	-	-	-	
4.5.7 The annual report contains information on the independence of the person/firm that the Committee receives consulting services.	-	X	-	-	-	The Committee did not receive any noteworthy consulting service other than the independent audit firm company services.
4.5.8 A report was issued and delivered to the members of the Board of Directors on the outcomes of the Committee meetings.	X	-	-	-	-	

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Note
	Yes	Partial	No	Exempted	N/A	
4.6. Financial Rights Offered to the Board of Directors Members and Executives with Administrative Responsibilities						
4.6.1 A Board of Directors performance assessment was conducted by the Board of Directors to evaluate if its responsibilities are fulfilled effectively.	-	X	-	-	-	Necessary assessment is made in the Message from the Chairperson of the Board of Directors and also the minutes of the Board of Directors contain the relevant performance assessments.
4.6.4 The Company has not extended any loan and lent any many to any one of the Board of Directors members or executives with administrative responsibilities; or renewed or improved the conditions of the repayment term of any lending; extended any loan under the name of personal credit through third persons or given any guarantee such a security in their favor.	X	-	-	-	-	
4.6.5 Wages paid to the Board members and executives with administrative responsibilities are disclosed individually in the annual report.	-	-	X	-	-	Under the Law 6698 on the Protection of Personal Data, total sum has been disclosed in categories instead of individual disclosure.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

#### 1. SHAREHOLDERS

##### 1.1 Facilitating the Exercise of Shareholding Rights

Number of investor conferences and meetings organized by the Company during the period

In 2019, 10 conferences and 4 roadshows were attended for stock and bond investors, including roadshow for Şişecam Eurobond issuance, and physical meetings were held with more than 350 existing and potential investors and analysts. Conferences attended: Ak Yatırım (Istanbul), BGC Conference (London), BGC Mini Conference (Istanbul), BofAML Emerging Markets Debt and Equity Conference (Miami), Citi's GEM Conference (New York), GS Eleventh Annual CEEMEA Conference (London), Is Investment 2019 Hidden Riches of Turkey (London), JP Morgan Emerging Markets Credit Conference (London), Raiffeisen Turkish Day (New York) and WOOD's Winter Wonderland 2019 EME Conference (Prague). Although investors preferred physical meetings as an access method this year compared to last year, teleconferences held with more than 250 investors and analysts continued to be important based on the close communication established. The total number of interviews with investors through telephone, one-to-one meetings, roadshows and conferences is over 600. Nearly 110 analyst reports have been published as a result of interviews conducted effectively with analysts reporting to public companies. In addition, two webcasts were organized in 2019, with the end of 2018 and the first half of 2019 financial results shared.

##### 1.2 Right to Demand and Review Information

Number of special auditor requests

Special auditor assignment request has not yet been regulated as an individual right in the Company's Articles of Association. No request was received during the period for the special auditor assignment.

Number of special auditor requests approved at the General Assembly meeting

No special auditor request was received at the General Assembly meeting.

##### 1.3 General Assembly

The link of KAP announcement where the information requested under the principle 1.3.1 (a-d) is:

<https://www.kap.org.tr/tr/Bildirim/739627>

Provision of the General Assembly meeting documentation also in English simultaneously with the ones in Turkish

The General Assembly meeting documentation are not released in English simultaneously.

Links to KAP announcements on the transactions done without the approval of the majority of independent members or the attendants' unanimity under principle 1.3.9

There is no transaction done without unanimity.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 1.3 General Assembly

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Links to KAP announcements on the transactions with related parties done under Article 9 of the Corporate Governance Communiqué (II-17.1)

In 2019, all related party transactions and transaction bases are collectively submitted to the Board of Directors. During 2019 period, there was no related party transaction or significant transaction involving the General Assembly approval due to the disapproval of independent members.

Links to KAP announcements on the frequent and continuous transactions done under Article 10 of the Corporate Governance Communiqué (II-17.1)

<https://www.kap.org.tr/tr/Bildirim/737435>

Name of the Company's corporate website section containing the donation policy

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Governance Policies" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

Link to KAP announcement containing the General Assembly minutes whereby the donation policy is approved

<https://www.kap.org.tr/tr/Bildirim/350239>

Number of the Article in Articles of Association regulating the attendance of stakeholders at the General Assembly meetings

Article 18

Information on the stakeholders attending the General Assembly

The Company's employees, representatives, shareholders, independent auditors can participate in the General Assembly. Link to the attendance sheet for General Assembly meetings:  
<https://www.kap.org.tr/tr/Bildirim/745906>

### 1.4 Voting Rights

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Whether or not there is any voting right privilege

No, there are no privileged voting rights.

If there is a voting right privilege, privileged shareholders and their voting percentages

None.

Shareholding percentage of the largest shareholder

77.27%

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 1.5 Minority Rights

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Whether or not the minority rights have been extended in the Company's Articles of Association (in terms of their content and percentage) No

Please give the number of the relevant article in the Articles of Association if the minority rights have been extended in terms of their content and percentage. None.

### 1.6 Dividend Right

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The name of the section on the corporate website that describes the profit distribution policy

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Governance Policies" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

The Board of Directors did not propose to avoid from the profit distribution.

KAP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

The Board of Directors did not propose to avoid from the profit distribution.

# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### General Assembly Meetings

General Assembly Date	Number of additional clarification requests to the Company for General Assembly	Shareholders' participation rate at the General Assembly	Percentage of personally represented shares	Percentage of shares represented by proxy	Name of the Company's Corporate website section containing all of the questions asked and responses given at the General Assembly	Name of the Corporate website section containing all of the questions asked and responses given at the General Assembly	Article or paragraph number of the General Assembly meeting minutes on the related parties	Number of persons having privileged access to the Company's information and reporting to the Board	Link to the notice posted on KAP
07.03.2019	-	87.20%	0%	87.20%	(*)	None.	None.	226	<a href="https://www.kap.org.tr/tr/Bildirim/745906">https://www.kap.org.tr/tr/Bildirim/745906</a>

(\*) On the Company's corporate website at [www.sisecamambalaj.com](http://www.sisecamambalaj.com) address, it is posted under the "Ordinary General Meeting" section under the "General Assembly Announcements and Documents" headline in the "Corporate Identity and Management" tab in the "Investor Relations" section.



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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 2. PUBLIC DISCLOSURE AND TRANSPARENCY

#### 2.1. Corporate Website

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On the corporate website, names of the section containing the information requested in the corporate governance principle 2.1.1.

In order to ensure a more efficient and faster relations of the Company with shareholders and to maintain the communication with shareholders, this information is steadily updated under the “Investor Relations” tab of the Company’s corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address as prescribed by the CMB’s Corporate Governance principles. The information contained on the corporate website is in the same context as the disclosures made in accordance with the provisions of the relevant legislation and does not contain any contradictory or incomplete information.

The section of the corporate website containing the list of the natural person shareholders directly or indirectly having more than 5% of the shares

There is no natural person shareholder having more than 5% of the shares

List of languages for which the website is available

Turkish, English, Georgian, Russian

#### 2.2. Annual Report

Page numbers or section names of the annual report containing the information as set forth in the corporate governance principle 2.2.2.

a) Page number or section name containing the assignments assumed by the members of the Board of Directors and executives outside the Company and the independence statements of the members

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

b) Page number or section name for the information on the committees established within the Board of Directors

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

c) Page number or section name for the information on the number of meetings held by the Board of Directors during the period and on the attendance of the members in these meetings

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

ç) Page number or section name for the information on the legislative changes that may significantly affect the Company’s operations

Note 2 in the independent auditor’s report

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 2.2. Annual Report

Page numbers or section names of the annual report containing the information as set forth in the corporate governance principle 2.2.2.

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- |   |  |
|---|--|
| d) Page number or section name for the information on the significant litigations filed against the Company and the potential outcomes thereof  | Note 23 in the independent auditor's report  |
| e) Page number or section name for the information on the conflicts of interest between the Company and the firms providing services such as investment consulting and rating and the measures taken to prevent them                    | None.  |
| f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%  | None.  |
| g) Page number or section name for the information on the employee benefits, occupational training, and other corporate social responsibility activities in connection with the Company's operations with social environmental outcomes | Explained in the "Environmental Practices" and "Human Resources" section of the annual report. |
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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 3. STAKEHOLDERS

#### 3.1. Corporate Policy for Stakeholders

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Name of the Company's corporate website section containing the compensation policy

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Governance Policies" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

Number of court orders finalized against the Company due to the violation of employee rights

6

Title of the person in charge of the denunciation mechanism

Employees can report the illegitimate and unethical transactions to the Audit Committee and the Internal Audit Department. An ethics hotline has been established to allow stakeholders to convey any transaction considered to be illegitimate or against the Company's ethical values, to the Audit Committee comprising of the independent members of the Board of Directors.

Contact details for the Company's denunciation mechanism

Relevant persons are contacted at [etik@sisecam.com](mailto:etik@sisecam.com) email address.

#### 3.2 Supporting the Stakeholders in their Participation in the Company's Management

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Name of the Company's corporate website section containing the internal directives on the employees' participation in the managing bodies

None.

Corporate bodies where employees are represented

In principle, all communication channels are available for participation of Company's employees in the management, and all potential obstructions are removed. For this purpose, "Ethical Contact Line and Electronic Mail Address" and "NAR: Şişecam suggestion platform" applications are used.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 3.3. The Company's Human Resources Policy

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Role of the Board of Directors in developing a succession plan for key executive positions

The Board of Directors creates the required succession plans

Name of the corporate website section containing the human resources policy that contains the equality of opportunity and recruitment criteria or the abstract of the relevant policy items

Recruitment and career planning have been based on equality and transparency. In this regard, "Şişecam Group Human Resources Regulations" created internally are implemented accordingly.

Availability of an employee stock ownership plan

None.

Name of the corporate website section containing the human resources policy that contains the measures taken against discrimination and ill-treatment or the abstract of the relevant policy items

None.

Number of court order finalized against the Company due to the liability for occupational accidents

None.

### 3.5. Codes of Conduct and Social responsibility

---

Name of the Company's corporate website section containing the codes of conduct policy

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Governance Policies" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

Name of the Company's corporate website section containing the corporate social responsibility report If the corporate social responsibility report is unavailable, the measures taken for the environmental, social, and corporate governance matters

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Social Responsibility" section under the "Sustainability" tab.

Measures taken against any and all corruptions including embezzlement and bribery

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Anti-Bribery and Corruption Policy" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 4. BOARD OF DIRECTORS - I

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#### 4.2. Operating Principles of the Board Of Directors

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Date of the latest Board of Directors performance assessment	None.
Whether or not the services of independent experts were received in the Board of Directors performance assessment	No
Acquittal of all of the Members of the Board of Directors	Yes, they have been acquitted.
Names of the members of the Board of Directors delegated with powers under the work distribution and content of the powers in question	No power was delegated
Number of reports submitted by the internal control unit to the Audit Committee or other relevant Committees	4
Name of section or number of page of the annual report containing the assessment for the internal control system's adequacy	It is presented in the "Risk Management and Internal Audit System" section of the annual report.
Name of the Chairperson of Board of Directors	Prof. Dr. Ahmet Kirman
Name of the Chief Executive Officer/General Manager	Abdullah Kılınç
Link to the KAP announcement where the grounds are explained to assign the same person as the Chairperson of Board of Directors and the Chief Executive Officer/General Manager	They are different persons.
Link to the KAP announcement for the insurance policy bought with an insurance sum 25% above the corporate capital against the losses that may be caused on the Company as a result of any negligence of the members of the Board of Directors in the fulfillment of their duties.	A "Manager Liability Insurance" policy was bought from Anadolu Anonim Türk Sigorta Şirketi against losses that may be caused on the company as a result of any negligence of the members of the Board of Directors and senior executives in the fulfillment of their duties also including Türkiye İş Bankası A.Ş., as the main partner, and our Company. However, our company has not made any separate KAP disclosure.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 4.2. Operating Principles of the Board Of Directors

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Name of the corporate website section where information is given on the diversification policy to increase the percentage of female members of the Board of Directors

None.

Number and percentage of female members

2 persons at the ratio of 33%.

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## 4. BOARD OF DIRECTORS – II

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### 4.4. Manner of the Board of Directors Meetings

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Number of the Board of Directors meetings held via the physical convention of members during the reporting period

45 physical meetings were held during 2019 period

Average participation rate at the meetings of the Board of Directors

99.63%

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Whether or not an electronic portal is used to facilitate the efforts of the Board of Directors

Yes, electronic mail is used.

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Number of days for delivering the information and documentation to the members prior to meetings under the working principles of the Board of Directors

The information and documentation related to the items included in the meeting agenda of the Board of Directors are presented to the members of the Board of Directors for their review for sufficient time before the meeting by providing equal information flow. No clear timeframe is set

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Name of the corporate website where information in the internal regulations is given as to the method for holding the meetings of the Board of Directors

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted in Article 13 of the "Articles of Association" in "Corporate Governance Policies" section under the "Corporate Identity and Management" tab in the "Investor Relations" section.

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The upper limit set forth in the policy that restricts the assignment of members outside the Company

None.

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### 4.5. Committees Established within the Board of Directors

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Number of page or name of the relevant section that contains information on the Committees within the Board of Directors in the annual report

It is accessible at the "Additional Information on Corporate Governance" section of the annual report.

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Link to the KAP announcement containing the working principles of Committees

<https://www.kap.org.tr/tr/Bildirim/204365>

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 4. BOARD OF DIRECTORS – III

#### 4.5. Committees Established within the Board of Directors - II

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Please specify the section of the annual report or corporate website where information is given on the audit committee efforts (pane number of section name)

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

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Please specify the section of the annual report or corporate website where information is given on the corporate governance committee efforts (pane number of section name)

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

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Please specify the section of the annual report or corporate website where information is given on the nomination committee efforts (pane number of section name)

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

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Please specify the section of the annual report or corporate website where information is given on the early risk determination committee efforts (pane number of section name)

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

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Please specify the section of the annual report or corporate website where information is given on the remuneration committee efforts (pane number of section name)

It is accessible at the “Additional Information on Corporate Governance” section of the annual report.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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### 4.6. Financial Rights Offered to the Board of Directors Members and Executives with Administrative Responsibilities

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The annual report's number of page or name of section where information is given on the operational and financial performance objectives and if they were achieved

The Chairperson's Message is included in the annual report.

Name of the Company's corporate website section containing the compensation policy for the executive and non-executive members

On the Company's corporate website at [www.sisecamcamambalaj.com](http://www.sisecamcamambalaj.com) address, it is posted under the "Corporate Governance Policies" headline under the "Corporate Governance" tab in the "Corporate Identity and Management" section in the "Investor Relations" section.

The annual report's number of page or name of section where information is given on all of the remunerations paid and benefits allocated to the members of the Board of Directors and executives with administrative roles

Explained in the Independent Auditor's Report Note 38 on the Related Party Notes in the Annual Report.

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# ANADOLU CAM SANAYİİ A.Ş.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

### Structure of Board of Directors

Name/Surname of the Member of Board of Directors	Non-Executive or Executive Non-Independent	Independent or Executive Non-Independent	Date of First Election to the Board	Link to the KAP Announcement Containing the Independence Declaration	Whether or not the Independent Member was Evaluated by the Nomination Committee	Any Member that Lost Her/His Independent Status	Whether or not Having a Minimum 5-Year Experience in Auditing, Accounting, and/or Finance
Prof. Dr. Ahmet Kirman	Non-Executive	Non-Independent Member	24.03.2015	-	-	-	Yes
Abdullah Kılıç	Executive	Non-Independent Member	03.04.2014	-	-	-	Yes
Sibel Koç Karacaoğlu	Executive	Non-Independent Member	29.03.2017	-	-	-	Yes
Zeynep Hansu Uçar	Non-Executive	Non-Independent Member	17.05.2012	-	-	-	Yes
Mehmet Celal Betil	Non-Executive	Independent Member	21.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/745906">https://www.kap.org.tr/tr/Bildirim/745906</a>	Evaluated	No	Yes
İlhan İl	Non-Executive	Independent Member	21.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/745906">https://www.kap.org.tr/tr/Bildirim/745906</a>	Evaluated	No	Yes

### Committees of the Board of Directors - I

Names of the Committees within the Board of Directors	Committee Specified as Other	Names/Surnames of Committee Members	If Serving as a Committee Chairperson	Whether or not a Board Member
Corporate Governance Committee	-	Mehmet Celal Betil	Chairperson	Board Member
Corporate Governance Committee	-	Zeynep Hansu Uçar		Board Member
Corporate Governance Committee	-	Sibel Koç Karacaoğlu		Board Member
Audit Committee	-	Mehmet Celal Betil	Chairperson	Board Member
Audit Committee	-	İlhan İl		Board Member
Early Risk Determination Committee	-	Mehmet Celal Betil	Chairperson	Board Member
Early Risk Determination Committee	-	İlhan İl		Board Member
Early Risk Determination Committee	-	Zeynep Hansu Uçar		Board Member

### Committees of the Board of Directors - II

Names of the Committees within the Board of Directors	Percentage of Non-Executive Managers	Percentage of Independents Committee Members	Number Physical Committee Meetings	Number of Reports Delivered to the Board of Directors on the Activities of Committees
Corporate Governance Committee	66.67%	33.33%	6	6
Audit Committee	100.00%	100.00%	4	4
Early Risk Determination Committee	100.00%	66.67%	8	8

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# ANADOLU CAM SANAYİİ A.Ş.

## ORDINARY GENERAL ASSEMBLY AGENDA FOR 2019 PERIOD

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1. Presidency Election, and Authorization of the Presidency to sign the General Assembly Minutes,
2. Reading of Board of Directors' Annual Report and Summary of Independent Audit Report on our Company's Business in 2019,
3. Reading, Discussion, and Approval of the Financial Statements for the Account Period 2019,
4. Acquittal of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Setting Remuneration of the Members of the Board of Directors;
7. Authorization of the Members of the Board of Directors according to articles 395 and 396 of Turkish Commercial Code,
8. Resolution on the Method and Date of the Distribution of Profit for the year 2019,
9. Authorization of the Board of Directors to Distribute Advance Dividend in the year 2020,
10. Resolution on the Selection of Independent Audit firm pursuant to the Turkish Commercial Code and Capital Markets Board's Regulations,
11. Informing the Shareholders on the Donations Granted during the Year, and Setting the Limit of Donations for the year 2020,
12. Informing the Shareholders on the Guarantees, Pledges and Mortgages given in favor of Third Parties,

**Date** : 26 March 2020

**Place** : İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947 Tuzla - Istanbul/Turkey

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# ANADOLU CAM SANAYİİ A.Ş.

## PROFIT DISTRIBUTIONS AND OTHER MATTERS FOR THE PERIOD

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### PROFIT DISTRIBUTIONS

At the Company's Ordinary General Assembly meeting held on the 7 March 2019, it had been resolved to distribute in cash the gross dividend amount of TRY 90,000 thousand representing 20.52% of the net distributable profit for 2018 period, to distribute in cash the dividend of TRY 27,886 thousand to the founder dividend shares and of TRY 6,972 thousand to Class B shares according to the Article 29 of the Articles of Association, and to make a net dividend payment to the shareholders subject to the dividend share withholding tax following the income tax withholding on the cash dividend share and the cash dividend was paid on the 31 May 2019.

### OTHER MATTERS

#### Subsidiary Report

The conclusion part of "Subsidiary Report" that has been prepared pursuant to the provisions of Article 199 of Turkish Commercial Code:

In all of the transactions conducted by our Company in 2019 with our controlling company and our controlling company's affiliates, the statutory provisions on the hidden profit distribution through transfer pricing were complied with and no loss adjustment process was necessary in 2019 due to the aforesaid transactions.

#### Report on the Frequent and Continuous Related Party Transactions for 2020 Period

Pursuant to article 10 "Frequent and Continuous Transactions" of the Capital Markets Board's "Corporate Management Communiqué " no "II-17.1" published on the Official Gazette dated 3 January 2014 under number 28871", within the scope of our Company's financial planning (budget) for the year 2020,

It is foreseen that the ratio of frequent and continuous sales on export-basis between our Company and Şişecam Dış Ticaret A.Ş. in an accounting period will reach more than 10% of the cost of goods sold and the revenue in our Company's latest annual financial statements disclosed to public, and it is considered reasonable, considering that the sales on export-basis between our Company and Şişecam Dış Ticaret A.Ş. in 2020 will be conducted at the same price as the one applied to unrelated third parties, and a reasonable commission will be collected for the services to be given, and the trade terms are consistent with previous periods and according to the market conditions.

It is foreseen that the ratio of frequent and continuous purchases between our Company and Şişecam Enerji A.Ş. in an accounting period will reach more than 10% of the cost of goods sold in our Company's latest annual financial statements disclosed to public, and it is considered reasonable, considering that the purchases from Şişecam Enerji A.Ş. in 2020 will be conducted at the same price as the one applied to unrelated third parties and the trade terms are consistent with previous periods and according to the market conditions.

#### Legal Basis of the Annual Report:

The Annual Report of the Group for the Accounting Period 2019 is issued in accordance with the provisions of "The Communiqué on Financial Reports in the Capital Market" released by the Capital Markets Board and "The Regulations Establishing the Minimum Contents of the Annual Reports of Companies" released by the Ministry of Customs and Trade on the basis of Article 518 and Paragraph three of Article 516 of Turkish Commercial Code.

#### Basis of Preparation of the Annual Report:

The annual report reflects the flow of the company's operations and transactions for the relevant fiscal year accurately, completely, fairly, and honestly from all aspects by also observing the company's rights and benefits. The annual report does not contain any misleading, exaggerated, and misguiding statements. Utmost care was taken in preparation of the annual report in details, so it is ensured that shareholders access all information in a complete and accurate manner.

#### Approval of the Annual Report:

The Group's annual report for the fiscal year 2019 was signed and approved by the Members of the Company's Board of Directors on 4 March 2020.

# INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM



Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Kat: 2-3-4 Daire: 54-57-59  
34485 Sarıyer  
İstanbul - Türkiye

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report originally issued in Turkish)

## INDEPENDENT AUDITOR'S REPORT ON THE EARLY IDENTIFICATION OF THE RISK COMMITTEE AND SYSTEM

To the Board of Directors of Anadolu Cam Sanayii A.Ş.

We have audited the Early Identification of the Risk System and Committee established by Anadolu Cam Sanayii A.Ş.

### Responsibility of the Board of Directors

Pursuant to paragraph 1 of Article 378 of the Turkish Commercial Code 6102 ("TCC"), the board of directors is obliged to establish a committee of experts and operate and improve the system for the purposes of: early identification of factors posing a threat on the company's existence, development and continuation; implementation of necessary measures and solutions in this regard; and management of the risk.

### Responsibility of the independent auditor

Our responsibility is to express a conclusion on the Early Identification of the Risk System and Committee based on our audit. Our audit was conducted in accordance with TCC and the "Principles on the Independent Auditor's Report on Early Identification of the Risk System and Committee" and ethical requirements as announced by Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. These Principles require us to determine whether the early identification of the risk system and committee has been established, and if established, to evaluate whether the system and committee operate in accordance with Article 378 of TCC. Our audit does not involve auditing the appropriateness of the solutions on the risks identified by the Early Identification of the Risk System and Committee and the practices performed by the management against the risks.

### Information Regarding the Early Identification of the Risk System and Committee

The Company established the Early Identification of the Risk System and Committee on May 25, 2012 which consists of three members that two of the members are independent member of the Board of Directors and the committee president is an independent member. For the period between January 1 – December 31, 2019, the committee has met for the purposes of early identification of factors posing a threat on the Company's existence and development, implementation of necessary measures and solutions in this regard and the management of the risk; and has submitted the reports it has prepared to the Board of Directors. The Early Identification of the Risk Committee of the Company has submitted their report nine times during the year to the Board of Directors.

### Conclusion

Based on our audit, we have reached the conclusion that the early identification of the risk system and committee of Anadolu Cam Sanayii A.Ş. is, in all material respects, in compliance with article 378 of the TCC.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

İstanbul, January 30, 2020

A member firm of Ernst & Young Global Limited

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Kat: 2-3-4 Daire: 54-57-59  
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(Convenience translation of a report originally issued in Turkish)

## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Anadolu Cam Sanayii A.Ş.

### 1) Opinion

We have audited the annual report of Anadolu Cam Sanayii A.Ş. ("the Company) and its subsidiaries ("the Group") for the period of 1/1/2019-31/12/2019.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Report* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 30, 2020 on the full set consolidated financial statements of the Group for the period of 1/1/2019-31/12/2019.

### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report, reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner

March 4, 2020  
İstanbul, Türkiye

# Directory

## **ŞİŞECAM GLASS PACKAGING**

www.sisecamglasspackaging.com

### **Anadolu Cam Sanayii A.Ş.**

#### **Şişecam Headquarters**

İçmeler Mahallesi D-100 Karayolu Caddesi  
No: 44A Kat 2 34947 Tuzla/Istanbul, Turkey  
Tel: +90 (0850) 206 50 50  
Fax: +90 (0850) 206 57 57

### **Anadolu Cam Sanayii A.Ş.**

#### **Mersin Plant**

Toroslar Mah. Tekke Sok. No: 1/A PK 612  
33260 Akdeniz/Mersin, Turkey  
Tel: +90 (0850) 206 70 70  
Fax: +90 (0324) 206 00 28-29

### **Anadolu Cam Sanayii A.Ş.**

#### **Yenişehir Plant**

Tabakhane Mah. Şişecam Cad.  
No: 116900 Yenişehir/Bursa, Turkey  
Tel: +90 (0850) 206 10 00  
Fax: +90 (0850) 206 10 22

### **Anadolu Cam Sanayii A.Ş.**

#### **Eskişehir Plant**

EOSB Şehitler Bulvarı No: 6 26110  
Odunpazarı/Eskişehir, Turkey  
Tel: +90 (0850) 206 52 00  
Fax: +90 (0850) 206 52 02-03

### **OOO Ruscam Management Company**

Ulitsa Iskry Str., 17A 129344  
Moscow/Russian Federation  
Tel: (007 495) 662 70 00

### **OOO Ruscam Glass Packaging Holding**

#### **Gorokhovets Plant**

84, Gagarina Str. Gorokhovets  
601481 Vladimir Region  
Russian Federation  
Tel: (007 49238) 2 40 52/53

#### **Ufa Plant**

450028, Bashkortostan Ufa  
Proizvodstvennaya 10/1 Ufa  
Bashkortostan Republic  
Russian Federation  
Tel: (007 347) 292 40 53

#### **Kirishi Plant**

Volkhov Highway 11, Kirishi  
Leningradskaya Region 187110  
Russian Federation  
Tel: (007 81368) 9 69 03

#### **Pokrovsky Plant**

Sovetskaya Street, 96, Saznov Town  
162430 Vologda Oblast Chagodshensky  
Region, Russian Federation  
Tel: (007 81741) 3 11 46

#### **Kuban Plant**

Krasnodar Kurgannaya Str. 1A  
Krymsk City Krasnodar Region  
Russian Federation  
Tel: (007 86131) 2 40 52

#### **JSC Mina**

Ksani Village Mtskheta Region  
3312 Georgia  
Tel: (0099 532) 244 9981

#### **Merefa Glass Company Ltd.**

84-A Leonivska Str. Merefa  
62472, Kharkiv Region, Ukraine  
Tel: +38 (057) 729 85 06

#### **OOO Energosystems**

Volkhov Highway 11, Kirishi  
Leningradskaya Region 187110  
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### **Legal Disclaimer**

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2019, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on March 26, 2020, at the address; İcmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

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