WE Soda Group(1)

Alternative Performance Measures (APMs)

In our published financial reports, trading updates, on our website and in other publications made by WE Soda Group (the "**Group**") we make reference to Alternative Performance Measures ("**APMs**") of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards ("**IFRS**"), as set out below.

APMs are unaudited and may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though APMs are used by management to assess the Group's financial performance, financial position or cash flows and these types of measures are commonly used, they have important limitations as analytical tools and should be considered in addition to, and not in isolation as substitutes or superior to measures of financial performance, financial position or cash flows as reported in accordance with IFRS. We believe that each of these measures provides useful information with respect to understanding the underlying business performance of the Group's operations or the Group's ability to meet its financial obligations.

APMs used by the Group are usually derived from the Group's consolidated financial statements, prepared in accordance with IFRS. Certain financial information used to calculate APMs is derived from (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems; and (iii) the Group's other business operating systems and records. Management accounts are prepared using information derived from accounting records used in the preparation of the Group's consolidated financial statements in accordance with IFRS but may also include certain other assumptions and analyses.

APMs of Financial Performance

We consider our core operating performance in any period to be that which management can affect. We believe that our APMs of financial performance allow us to evaluate our underlying operating performance by including or excluding certain items that we do not consider indicative of, or that may impair period-to-period comparability of, our core operating performance. In addition, we use these APMs in developing internal budgets, forecasts and strategic plan, in analysing the effectiveness of the Group's business strategies, in evaluating potential acquisitions, in making compensation decisions and in communications with its stakeholders concerning the Group's financial performance.

The Group's APMs of financial performance, together with their definitions, are:

- *EBITDA*, which represents profit / (loss) for the period from continuing operations before interest in equity accounted associates, depreciation and amortisation expenses, finance expenses, net off finance income and taxation.
- *Adjusted EBITDA*, which represents EBITDA adjusted for certain items, either positive or negative, which we consider to be non-recurring in nature and further items that we do not consider to be representative of the underlying performance of the business, as further discussed below.
- *Adjusted EBITDA ($ per mt),* which represents Adjusted EBITDA divided by the physical volumes of soda ash and sodium bicarbonate sold by Eti Soda and Kazan Soda during the period.
- *Netback Revenue*, which represents revenue from sales of soda ash and sodium bicarbonate after deducting transportation expenses and export expenses associated with the delivery of product from our production facilities to the point of delivery for the customer.
- *Netback price,* which represents Netback Revenue divided by the physical volumes of soda ash and sodium bicarbonate sold by Eti Soda and Kazan Soda during the period.
- *Netback Margin*, which represents Adjusted EBITDA divided by Netback Revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA ($ per mt)

We present EBITDA, Adjusted EBITDA and Adjusted EBITDA ($ per mt) because we believe that they provide useful information about the Group's results of operations since they are among the measures used by management to evaluate the Group's underlying operating performance, review business trends, identify strategies to improve results and make day-to-day operating decisions and they allow a comparison of the Group's results across periods and across companies in the industry in which the Group operates on a consistent basis, by removing the effects on the Group's operating performance of:

(1) the Group's capital structure (such as the varying levels of interest expense);

(2) asset base and capital investment cycle (such as depreciation and amortisation);

(3) items largely outside our control (such as income taxes); and

(4) with respect to Adjusted EBITDA, unusual items that we view as not reflective of the Group's underlying financial performance and which we are permitted to adjust for in calculating covenant compliance under the terms of the Group's principal financing arrangements, including, but not limited to:

- significant extraordinary, one-off, non-recurring, exceptional or unusual items, which may include, but are not limited to, charges or other costs in connection with restructuring or transformative programmes, costs or gains in connection with legal disputes, financing or refinancing costs, exceptional legal costs or other professional fees and also any costs or charges related to any acquisition, capital expenditure or other similar transactions, or significant purchases of raw materials or costs which are not expected to recur in future periods; we exclude such significant items because they are not reflective of the Group's underlying performance and are not expected to recur in future periods;
- non-cash compensation charges, primarily, but not exclusively, in connection to equity-based compensation charges, service cost provisioning for post-employment benefits, provisioning for unused leave pay and service cost provisioning for retirement pay obligations; we exclude such adjustments because of their non-cash nature and/or because they do not reflect on the Group's operating performance;
- foreign exchange losses/gains from operating activities, net; we believe that such adjustments do not represent the Group's underlying operating performance on a constant basis because foreign exchange movements can be subject to substantial swings from period to period and are outside our control;
- losses and gains realised on the disposals of obsolete or replaced equipment and machinery; we believe excluding such losses or gains gives a more accurate picture of the Group's underlying performance; and
- non-cash charges relating to receivables/payables, net; we believe that excluding such non-cash charges provides a more accurate picture of the Group's results because of their non-cash nature and (or) because they may not reflect on the Group's operating performance.

Netback Revenue, Netback price and Netback Margin

We present Netback Revenue, Netback price and Netback Margin as measures that are helpful to financial stakeholders in that they provide more directly comparable information across periods and geographical markets, as they exclude the impact of varying levels of transportation expenses and export expenses in connection with the delivery of product from our production facilities to the point of delivery to the customer based on the varying delivery terms.

Netback price is a derivative measure of Netback Revenue and physical volumes of soda ash and sodium bicarbonate sold by Eti Soda and Kazan Soda during the period. Netback price measures our average revenue per metric tonne of soda ash or sodium bicarbonate for the period after deducting transportation expenses associated with the delivery of product from our production facilities to the point of delivery for the customer.

Netback Margin is a derivate measure of Adjusted EBITDA and Netback Revenue. We present Netback Margin because it measures the Group's operating performance in relation to the Group's Netback Revenue, gauging the Group's profitability per dollar of revenue generated and further facilitating comparison of the Group's results across periods and with other companies in the Group's industry. We exclude revenue from electricity and other revenue from the calculation of Netback Margin to provide a more accurate picture of the Group's operating performance with respect to its soda ash and sodium bicarbonate business.

APMs of Cash Flows

The Group's APMs of cash flows and financial liquidity, together with their definitions, are:

- *Free Cash Flow* is calculated as Adjusted EBITDA minus Maintenance Capital Expenditures minus tax payments;
- *Free Cash Flow ("FCF") Conversion* is calculated as Free Cash Flow divided by Adjusted EBITDA; and
- *Capital Expenditures* is cash outflows associated with expenditure on property, plant and equipment.

Free Cash Flow

We present Free Cash Flow because we utilise this measure to gauge the amount of cash flow available for several uses, including debt service, discretionary prepayments of borrowings, dividends and share buybacks. Furthermore, we believe that Free Cash Flow provides useful information about the Group's liquidity in that it allows a comparison of the Group's liquidity across periods on a consistent basis.

FCF Conversion

FCF Conversion is a derivative measure of Free Cash Flow. We present FCF Conversion because it measures the Group's generation of Free Cash Flow in relation to the Group's Adjusted EBITDA, gauging the Group's ability to generate cash per dollar of Adjusted EBITDA and further facilitating comparison of the Group's liquidity across periods and with other companies in the Group's industry.

Capital Expenditures

We distinguish our Capital Expenditures, which consist mainly of the maintenance and refurbishment of existing facilities, capitalised costs related to purchase and maintenance of mining assets, equipment, intangible assets and other assets in two categories:

- *Maintenance Capital Expenditures,* which are incurred to maintain, over the long term, our operating income or operating capacity; and
- *Expansionary Capital Expenditures*, which are incurred for acquisitions or capital improvements with the objective to increase, over the long term, our operating income or operating capacity.

Capital expenditures also include certain other items including advances, spare parts purchases and others, which are not classified as Maintenance Capital Expenditures or Expansion Capital Expenditures

We present Maintenance Capital Expenditures and Expansion Capital Expenditures because we utilise these measures to discriminate between ongoing cash outlays that must be made periodically to maintain the Group's productive capacity unaltered and investment cash outlays that the Group can make at its discretion for growth purposes.

APMs of Financial Position

The Group's APMs of financial position and financial leverage together with their definitions, are:

- *Net Debt*, which consists of the sum of the Group's current borrowings and non-current borrowings (including in each case transaction costs capitalised on initial recognition of the borrowing liability) and lease liabilities, net of cash and cash equivalents (including cash held in debt service reserve accounts); and
- *Total Net Leverage Ratio*, which consists of Net Debt divided by Adjusted EBITDA.

We present Net Debt and Total Net Leverage Ratio because we and our financial stakeholders use this measure to monitor the Group's covenant compliance under the terms of the Group's principal financing arrangements. Total Net Leverage Ratio is useful as a measure as it shows how many years it would take for the Group to pay back its debt if Net Debt and Adjusted EBITDA are held constant.