

*WE Soda Ltd*

*Annual Report and Financial Statements*

*31 December 2020*

*Company Number: 10264457*

## Contents

Strategic Report	2
Directors' Report	16
Directors' Responsibilities Statement	21
Independent Auditors' Report	22
Consolidated Financial Statements	25
Notes to the Consolidated Financial Statements	30
Parent Company Financial Statements	95
Notes to the Parent Company Financial Statements	99
Glossary	111

# WE Soda Ltd

## Strategic Report

This Strategic Report has been prepared to provide additional information to shareholders to assess the Group's strategy and the potential of the strategy to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and as such, statements should be treated with caution due to the inherent uncertainties, including economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to WE Soda Ltd and its subsidiary undertakings when viewed as a whole.

The Strategic Report discusses the following areas:

- A fair review of the Group's business, split into an Operational Review and Financial Review
- The principal risks and uncertainties associated with the Group's business

### Operational Review

The Group's operations focus on the mining and processing of trona in Turkey and the United States of America to produce soda ash and sodium bicarbonate. In Turkey, the operations are represented by Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş. (Eti Soda) and Kazan Soda Elektrik Üretim A.Ş. (Kazan Soda), whilst in the United States of America, the operations are represented by Ciner Wyoming LLC. (Ciner Wyoming).

### Eti Soda

On November 24, 2017, the Company acquired Ciner Kimya Yatırımları Sanayi ve Ticaret A.Ş. (Ciner Kimya) and its subsidiary undertaking, Eti Soda, in which Ciner Kimya owns a 74% shareholding. The remaining 26% of Eti Soda is owned by State-owned entity Eti Maden İşletmeleri Genel Müdürlüğü (Eti Maden).

Eti Soda was founded in 1998 and started production in 2009. Eti Soda uses solution-mining to extract sub surface trona ore which is then processed through its production facility located in the Beypazarı District of Ankara. Eti Maden owns the trona mining licence and a lease agreement between Eti Soda and Eti Maden allows for Eti Soda to mine for trona for 24 years, until September 2025. Management expects that this agreement will be renewed until the known trona reserves are fully depleted. As of 31 December 2020, the soda ash equivalent proven and probable trona reserves are estimated at approximately 37.6 million tonnes. Eti Soda has a nameplate production capacity of 1.7 million tonnes per year, with 3 soda ash process lines each with a capacity of 0.5 million tonnes per year and 2 sodium bicarbonate process lines each with a capacity of 0.1 million tonnes per year. The remaining useful life of the mine is currently estimated to be more than 20 years.

# WE Soda Ltd

## Strategic Report (continued)

### *Overlapping licence area with Elektrik Üretim A.Ş. (EÜAŞ)*

EÜAŞ, a State-owned enterprise, was granted a lignite coal mining licence during 2020, where the licence area overlaps with certain areas of Eti Soda's licence. The issue of the overlapping licence areas has been presented to the General Directorate of Mining and Petroleum Affairs (MAPEG), the Turkish governing authority responsible for the approval and regulation of mines. MAPEG decreed that EÜAŞ should not operate in the overlapping area and that Eti Soda should (i) take precautions not to extract any lignite coal from the overlapping area, and (ii) to procure additional tests/reports that will allow MAPEG to finalise its decision. Whilst awaiting MAPEG's determination, management believes that EÜAŞ will not be able to commence its planned lignite mining activities as its lignite coal project was revoked and deemed unlawful in October 2020. Further to this, EÜAŞ's electricity generation licence was revoked in March 2021 by the governing authority, Energy Market Regulatory Authority, thus removing EÜAŞ's motivation to proceed with the lignite mining project. Based on these factors, WE Soda management does not believe that this issue will have a material adverse effect on Eti Soda's trona mining activities.

### *Kazan Soda*

On February 5, 2018, the Group via its subsidiary, WE Soda Kimya Yatırımları A.Ş., acquired 100% of the shares of Kazan Soda. Kazan Soda also uses solution-mining to extract sub-surface trona ore before it is processed at its production facility located in the Kazan District of Ankara.

Kazan Soda was granted a mining licence that expires in 2043. Management intends to renew the licence period until known trona reserves are fully depleted. As of 31 December 2020, the soda ash equivalent of proven and probable trona reserves are estimated at approximately 110.4 million tonnes.

In September 2017, soda ash production started with 3 out of 5 soda ash process lines in operation together with the cogeneration facility. The cogeneration facility at Kazan Soda produces steam and electricity which are required for its operations. Excess electricity is sold to related parties, non-related parties and to the open market via the State grid.

During 2018, the 2 additional soda ash and 2 sodium bicarbonate process lines started production.

Currently, Kazan Soda has a nameplate production capacity of 2.7 million tonnes per year with 5 soda ash process lines each with a capacity of 0.5 million tonnes per year and 2 sodium bicarbonate lines each with a capacity of 0.1 million tonnes per year. The remaining useful life of the mine is currently estimated to be more than 40 years.

### *Ciner Wyoming LLC*

On February 22, 2018, the Company acquired from its holding company Akkan Enerji ve Madencilik A.Ş., 100% of the shares of Ciner Enterprises Inc., located in Atlanta, United States of America.

Ciner Enterprises Inc. wholly-owns Ciner Resources Corporation (Ciner Corp) which in turn wholly-owns Ciner Wyoming Holding Co. (Ciner Holdings). Ciner Holdings owns approximately 74% of Ciner Resources LP (CINR) with the remaining approximately 26% listed on the New York Stock Exchange. CINR is a publicly traded listed partnership on the New York Stock Exchange with a market capitalisation of USD253.9m as at 31 December 2020. CINR has a controlling 51% membership interest in Ciner Wyoming, the operating company in the business of mining and processing trona ore to produce soda ash. The remaining non-controlling 49% membership interest in Ciner Wyoming is owned by NRP Trona LLC, a wholly owned subsidiary of Natural Resource Partners LP.

All the mining and processing activities of Ciner Wyoming take place at a facility located near Green River, Wyoming. It is estimated that over 90% of the world's trona resources are located in Wyoming, in the Green River Basin. Ciner Wyoming uses conventional underground mechanical mining using the "room and pillar method" to extract the trona ore before it is brought to the surface for processing. The mine has been in continuous operation for more than 50 years. Ciner

# WE Soda Ltd

## Strategic Report (continued)

Wyoming has several mining leases and one licence, which grants us subsurface mining rights. Mining leases expire in the range of 2027 to 2029 and the mining licence expires by 2061. We have a perpetual right under these leases and licence as long as we maintain continuous mining operations and we intend to continue renewing the leases and licence as has been historical practice.

Ciner Wyoming has a nameplate production capacity of 2.5 million tonnes of soda ash per year.

As of 31 December 2020, soda ash equivalent proven and probable trona reserves is 102.9 million tons. The remaining useful life of the mine is estimated to be in excess of 50 years.

### 2020 Operations

After a strong start to 2020, the COVID-19 pandemic started to impact our business in the latter part of Q1, with the most significant direct impact occurring in Q2 resulting in a rapid and substantial drop in global soda ash demand due to various governmental imposed restrictions affecting soda ash end markets and our customers, whilst coinciding with high levels of inventory held by our customers and distributors which had been built up during Q1 in anticipation of potential COVID-19 related supply disruption. In response, WE Soda management reduced production commencing from Q2, which continued into Q3. This production shortfall fully recovered during Q4, as markets normalised, and strong soda ash demand returned. During Q2 and Q3, we carried out maintenance work at our plants to ensure optimised production for future periods.

Ciner Wyoming completed the construction of a new gas-fired cogeneration facility, that commenced operations in March 2020. In a normal production environment, this facility is expected to provide Ciner Wyoming with approximately USD3-4 million of annual energy cost savings. No further major alterations, additions or developments to process infrastructure were carried out during the year.

In total, during 2020, the Group produced 6.4 million tonnes of soda ash and sodium bicarbonate, 7% below 2019 volumes of 6.9 million tonnes.

Group production in tonnes:

	2020			2019		
	Soda ash	Sodium bicarbonate	Total	Soda ash	Sodium bicarbonate	Total
Million metric tonnes						
Eti Soda	1.6	0.2	1.8	1.7	0.2	1.9
Kazan Soda	2.3	0.2	2.5	2.4	0.1	2.5
Ciner Wyoming	2.1	-	2.1	2.5	-	2.5
<b>Total</b>	<b>6.0</b>	<b>0.4</b>	<b>6.4</b>	<b>6.6</b>	<b>0.3</b>	<b>6.9</b>

Group production in tonnes per day:

	2020			2019		
	Soda ash	Sodium bicarbonate	Total	Soda ash	Sodium bicarbonate	Total
Tonnes per day (average)						
Eti Soda	4,277	553	4,830	4,554	542	5,096
Kazan Soda	6,256	500	6,756	6,512	337	6,849
Ciner Wyoming	5,665	-	5,665	6,840	-	6,840
<b>Total</b>	<b>16,198</b>	<b>1,053</b>	<b>17,251</b>	<b>17,906</b>	<b>879</b>	<b>18,785</b>

### Future Developments

#### Eti Soda and Kazan Soda

Management aim to maintain full production capacity at the Eti Soda and Kazan Soda facilities supported by routine planned maintenance. During 2020, Kazan Soda's capacity utilisation ratio was 91% out of 2.7 million tonnes per year. The long-term aim of management is to operate in excess of 100% utilisation, in line with our operating experience at Eti Soda. At Kazan Soda, management plans to increase annual soda ash production capacity by approximately 500,000 tonnes and further reduce unit production costs from an investment in a new decahydrate unit and an additional caustic production line, both of which will be completed during 2023

#### Ciner Wyoming Expansion Project

In 2020, Ciner Wyoming management have developed plans and started the permitting process to execute a potential new 1.0 million tonne expansion of the Ciner Wyoming production facility that, if implemented, would increase production capacity up to approximately 3.5 million tonnes of soda ash per year. Ciner Wyoming have conducted the initial basic design and are currently evaluating and are pursuing the related permits and detailed cost and market analysis pursuant to the basic design. This project will require capital expenditures materially higher than have been recently incurred by Ciner Wyoming. The timing of the expansion project is subject to us meeting the performance ratios stipulated by the Facilities Agreement (see Note 24 *Borrowings* for further details of the Facilities Agreement). Based on the applicable performance ratios at December 31, 2020, expansion capital expenditures are prohibited until the applicable ratios are at acceptable levels pursuant to the Facilities Agreement. This prohibition will not be applicable commencing on third quarter of 2021 based on the management projections. The management will also consider most appropriate market conditions for construction materials for the commencement of this investment.

#### Notice to terminate membership in American Natural Soda Ash Corporation ("ANSAC")

ANSAC operates as the international sales, marketing and logistics arm for its members in the United States. On November 9, 2018, Ciner Resources Corporation (Ciner Corp) delivered a notice to terminate its membership in ANSAC as part of its strategic initiative to gain more access and control of the logistics and supply chain for international customers and to increase its ability to leverage the expertise of the We Soda Group.

ANSAC and the members thereof entered into an agreement, effective as of July 24, 2020, that, among other things, terminated Ciner Corp's membership in ANSAC effective December 31, 2020. As of January 1, 2021, Ciner Corp began managing its own export sales and marketing, leveraging the regional distributor network established by WE Soda Group also while independently reviewing current and potential distribution partners to optimise the Group's access into and returns from each market.

In connection with the settlement agreement with ANSAC, Ciner Corp is to meet the following obligations in 2020 and 2021: (i) continue to sell at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per tonne selling, general and administrative expense and (ii) purchase a limited amount of export logistics services in 2021.

Ciner Corp's exit from ANSAC allows Ciner Corp to: (i) obtain its own international customer export sales arrangements for 2021 and beyond; (ii) procure third-party export port services; and (iii) charter and/or execute its own international product delivery arrangements. Management anticipate that any impact to netback sales prices, net income and financial liquidity from exiting ANSAC will be offset by direct access to its export customers, control of its logistics arrangements and the ability to leverage WE Soda Group's global expertise in these areas.

### COVID-19

The COVID-19 pandemic brought unexpected challenge to the Group during 2020. The well-being of our employees and contractors was prioritised and the measures that were rapidly implemented across the Group to mitigate the threat to employees and contractors were successful. Operations in Turkey, USA and UK were granted autonomy to take the appropriate actions to satisfy local regulations and government recommended guidelines. WE Soda continues to monitor and update all COVID-19 related health and safety measures in order to adhere to all applicable local, state, federal, and international regulations and guideline and to ensure the safety of WE Soda employees.

As anticipated, the COVID-19 pandemic adversely impacted WE Soda's results from April 2020, with adverse impacts on soda ash demand, production volumes, price per tonne, global logistics costs and supply chain being most significant during Q2 and Q3. During Q3, global supply demand balances for soda ash improved, allowing an increase in production volume, though there was still a decline during Q3 2020 relative to Q3 2019. By Q4, all our production plants were operating at full capacity with strong demand and improved soda ash pricing returning to the market, albeit still below pre-COVID-19 levels. The cost advantages which natural soda ash production and solution mining enjoy over synthetically produced soda ash have been critical for our relative financial performance during 2020. The residual impacts of COVID-19 from 2020 that will continue to impact our business in the future include: (i) extended customer sales terms, impacting our working capital; and (ii) depressed prices which are expected to continue into 2021 but recover during 2022. Management remains confident that, in the medium and long term, global demand for soda ash will continue to grow, prices will strengthen and WE Soda will be able to profitably deliver its produced volumes into its targeted markets.

Key Financial Indicators		Units	2020	2019
<b>Income statement</b>				
<i>Sales volume:</i>				
Soda ash	Tonne	5,935,787	6,347,170	
Sodium bicarbonate	Tonne	396,918	294,948	
<i>Price:</i>				
Soda ash	\$/tonne	179.37	199.72	
Sodium bicarbonate	\$/tonne	194.00	209.15	
<i>Cost of sales:</i>				
Soda ash	\$/tonne	126.08	138.35	
Sodium bicarbonate	\$/tonne	107.29	144.47	
Revenue	\$ million	1,197.8	1,389.4	
Profit/(loss) before taxation	\$ million	(32.4)	133.0	
Taxation (credit)	\$ million	197.0	51.9	
<b>Balance sheet</b>				
Total assets	\$ million	4,909.1	5,228.7	
Cash & cash equivalents	\$ million	21.9	107.7	
Short & long-term financial liabilities	\$ million	2,520.3	2,491.4	
Total non-current liabilities	\$ million	1,195.5	2,688.0	
Net debt	\$'million	2,532.7	2,374.9	
<b>Cash flow statement</b>				
Cash generated from operations	\$ million	441.4	402.7	

### Income statement

The Group's revenue for the year amounted to a total of USD1,197.8 million (2019: USD1,389.4 million) with contributions from the three operating subsidiaries comprising of: Eti Soda (2020: USD325.1 million, 2019: USD355.6 million), Kazan Soda (2020: USD480.5 million, 2019: USD510.9 million) and Ciner Wyoming (2020: USD392.2 million, 2019: USD522.9 million).

During 2020, average daily soda ash production decreased by 10% from an average of 5,969 tonnes per day in 2019 to 5,399 tonnes per day, as a result of reduced customer demand due to a variety of COVID-related impacts. During the same period, average daily sodium bicarbonate production increased by 20% from an average of 440 tonnes per day in 2019 to 527 tonnes as a result of stable demand and increased production at Kazan Soda.

In the current year, soda ash sales decreased by 6% (0.4 million tonnes) as a result of a decrease in demand in the market due to COVID-19. Sodium bicarbonate sales increased by 35% (0.1 million tonnes) as a result of the completion of Kazan Soda's ramp up in 2020 and its contribution to sodium bicarbonate produced during the year. The decrease in total sales volume was compounded by the decrease in prices of both products which contributed to the loss of \$191.6 million (14%) of revenue for the year against 2019.



# WE Soda Ltd

## Strategic Report – Financial review (continued)

### Balance sheet

The decrease in *Cash & cash equivalents* was driven by 2 factors. COVID-19 related impacts from Q1 onwards, caused a decrease in sales volumes and average sales prices (relative to 2019). Although the COVID-19 related impacts decreased from Q4 onwards, the net increase in cash inflows from Q4 were inadequate to catch up the closing 2019 balances. The other factor was an outstanding intercompany loan due to WE Soda as at 31<sup>st</sup> December 2020. (See Note 2.2 *Basis of preparation – Going concern for further details*).

The decrease in *Total non-current liabilities* was due to a reclassification of USD1,370.3 million non-current loan facility to current liabilities in 2020 (see Note 24 *Borrowings* for further details) in relation to the Facilities Agreement entered into on 1 August 2018. In the course of the year, the Group had not complied with certain conditions of the Facilities Agreement, see Note 2.2 *Basis of preparation – Going concern* for further details. While the non-compliance with the conditions was waived subsequent to year end, all amounts outstanding were reclassified as immediately repayable at year end.

*Net debt* of the Group was mainly bank borrowings and leases contributing USD2,570.2 million (2019: USD2,553.1 million) of the Group's total liabilities. b

### Cash flows

Net sources of funds for the Group is mainly contributed by sales of soda ash and sodium bicarbonate and by bank borrowings and finance leases recognised within *Short & long-term financial liabilities* mentioned above.

During the year, the Group's available cash generated from operations has increased by USD37.7 million from USD402.7 million to USD441.4 million in spite of the lower sales revenue generated in 2020 due to cost optimisation programmes employed in 2020 in response to COVID-19, where significant savings were made in relation to production overheads and transportation expenses. Net cash outflows from investing activities were mainly in relation to the USD82.2 million of purchase of property, plant and equipment and funding provided to related parties of USD229.1 million. Net cash outflow from financing activities in the period mainly relates to the USD298.3 million repayment of borrowings and the related interest of USD109.3 million.

Effective risk management is essential if the Group is to deliver upon its strategic and operational objectives. The following risks are managed by the Group's management team:

Risk	Description of Risk	Response to Risk
<b>Funding</b>	<ul style="list-style-type: none"> <li>Failure to forecast and work within the Group's financial structure could impact liquidity and lead to an inability to deliver the business plan.</li> <li>Revenue, profitability and cash flows concentrated in a small number of producing mines.</li> <li>Inability to access external funding.</li> <li>Failure to meet strict covenants on facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of cash flow, working capital and funding options, and prudent approach to budgeting and planning, to ensure sufficient capital to meet commitments.</li> <li>Diversify the sources of funding and apply prudent levels of debt to development and production activities.</li> </ul>
<b>Debt financing</b>	<ul style="list-style-type: none"> <li>Non-compliance with conditions and covenant requirements of its debt agreements which could lead to events of default. In 2020, the Group did not comply with certain terms stipulated by the Facilities Agreement. See Note 2.2 <i>Basis of preparation – Going concern</i> for information</li> <li>Failure to obtain debt financing for operations and projects could delay and impede financial decision making.</li> </ul>	<ul style="list-style-type: none"> <li>In response to not complying with the Facilities Agreement in 2020, the Group employed an independent party, E&amp;Y Turkey to perform a review of the non-compliance and to conclude on the actions to be taken by the parties involved in the Facilities Agreement. In 2021, to avoid future non-compliance, management have developed and put in place further controls over trigger points which would affect any non-compliance.</li> <li>Contingency planning and preparedness to change the course of action as situations change.</li> <li>Seek more favourable debt arrangements to allow the Group more financial flexibility, provide greater liquidity and reduce borrowing costs.</li> </ul>
<b>Product price</b>	<p>The Group is reliant on the sales revenue of its sodium-based products. The decrease in soda ash and sodium bicarbonate prices (&gt;95% of group revenue) can lead to loss of value and have an adverse effect on revenue, margins, profitability, mining reserves and cash flow.</p>	<ul style="list-style-type: none"> <li>The Group continues to monitor its cost structure and ensure it reflects changes in product prices. The exit from ANSAC may affect prices as we will not be able to provide certain advantages to customers that contract with ANSAC.</li> <li>The Group manages product price-related risk by maintaining stable customer relationships and having multi-year supply contracts ranging from 1-3 years with prices generally fixed on a 1 year forward basis.</li> <li>Low-cost operations from solution mining deliver substantial operating margins for the Group, reducing the impact of product price fluctuations.</li> </ul>
<b>Logistic costs</b>	<ul style="list-style-type: none"> <li>Increase in transportation and freight costs can affect the results of the Group's operations.</li> </ul>	<ul style="list-style-type: none"> <li>Costs and risk related with the transportation and delivery of products are monitored constantly to reduce risk and promote sustainability.</li> <li>Migration of higher-risk contracts from CFA / CIF to FOB, to mitigate seaborne freight risk during periods of high volatility</li> </ul>
<b>Termination of ANSAC membership</b>	<ul style="list-style-type: none"> <li>American Natural Soda Ash Corporation (ANSAC) performs logistics and support services for export sales of US operations. Membership with ANSAC was terminated on 31 December 2020 which may impact the Group's business in terms of customer relations.</li> </ul>	<ul style="list-style-type: none"> <li>After the termination, by combining export sales volumes with exports from Turkey, withdrawal from ANSAC will enable the Group to optimise the Group's global supply chain and increase the profitability of the Group.</li> <li>We entered into an agreement with ANSAC to extend the relationship to include sales commitments to ANSAC in 2021 and 2022 where we will continue to sell, at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per ton selling, general and administrative expense, and will also purchase a limited amount of export logistics services in 2021. The phased withdrawal allows us to reduce risk by limiting exposure in the first year of selling tons direct to the international market.</li> <li>Early and proactive selling of all soda ash volumes to new export and new domestic customers by leveraging existing WE Soda global customer relationships.</li> </ul>

Risk	Description of risk	Response to risk
<b>Political</b>	<ul style="list-style-type: none"> <li>WE Soda sells its products to over 70 countries around the world in every region and, as a result, is exposed to a variety of geo-political and macro-economic uncertainties.</li> <li>The Group operates in Turkey with two entities which produce approximately 65% of its total production volume and bears the risk of operating in a country with higher levels of economic and political uncertainty.</li> </ul>	<ul style="list-style-type: none"> <li>The Group monitors and seeks to understand changes taking place in Turkey although it is often hard to forecast the timing and impact of such political events.</li> <li>The Group works to the highest industry standards with local regulators, closely monitoring compliance with the Group's license obligations.</li> <li>The Group maintains positive relationships with all key stakeholders in Turkey and the USA.</li> <li>Appropriate legal agreements are in place to protect the Group's interests.</li> </ul>
<b>Compliance</b>	<p>Ethical wrongdoing and non-compliance or failure to accurately report data can lead to:</p> <ul style="list-style-type: none"> <li>Litigation against the Group which could materially impact the Group's operations and strategy.</li> <li>Reputational damage leading to withdrawal of support by governments, regulators or lenders.</li> <li>Litigation and/or regulatory action leading to penalties and disruption from investigation leading to unplanned business impact; and</li> <li>Loss of assets, projects or access to markets.</li> </ul>	<ul style="list-style-type: none"> <li>Top-down leadership and reinforcement of the Group's values.</li> <li>Due diligence is carried out on all counterparties as part of contract management.</li> <li>A strong Code of Conduct that all employees and contractors are expected to follow.</li> <li>Compliance controls and actions implemented by management.</li> </ul>
<b>Brexit</b>	<ul style="list-style-type: none"> <li>The United Kingdom (UK) European Union (EU) membership referendum took place on 23 June 2016 where it was decided that the UK would leave the EU in March 2019.</li> <li>Due to the complexity of the process, the UK formally left the EU on 31 January 2020 and went through a transition period that ended on 31 December 2020.</li> <li>As of 1 January 2021, UK had officially exited the EU.</li> <li>Although a deal has been struck between the UK and the EU, it is anticipated that various changes to legislation and trade treaties will take place between the parties for years to come which may result in a significant change in the relationship between the UK and the EU which may have adverse political and economic impact to the Group's operations in the UK.</li> </ul>	<ul style="list-style-type: none"> <li>Although the Company is registered and headquartered in the UK, the Group's main production operations are located in Turkey and USA and the Group has only limited reliance on trade with the UK.</li> <li>The Group anticipates that subsequent and ongoing costs arising from Brexit could include further customs duties and/or affect supply-demand dynamics and pricing for imported soda ash in the UK.</li> <li>The prevalent and prospective supply-demand dynamics in the soda ash industry makes market shifts fairly easy to execute due to the nature of soda ash business and market sentiment is that demand will exceed supply going forward allowing for the Group minimise any forthcoming Brexit risks.</li> <li>Since 1 January 2021, we are not aware of any significant changes that would affect the group materially both to our financial position nor to how we operate. As more details emerge on how business in the UK may need to change after Brexit, the assumptions underlying supply-demand forecasts and pricing could change, but over the medium-longer term, management believes that Brexit will not have a material impact on the business.</li> </ul>
<b>COVID-19</b>	<p>COVID-19 and its consequential impact may affect:</p> <ul style="list-style-type: none"> <li>The health and well-being of employees and contractors</li> <li>The continuity of our operations</li> <li>Prices and demand for our products</li> <li>Our global supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Actively monitor and adhere to applicable local and international governmental guideline and regulations to ensure the health and safety of employees and contractors.</li> <li>Adapt our operations to ensure that any COVID-19 related impacts are minimised.</li> <li>Re-negotiation of contracts with customers and suppliers allowing for further flexibility of payment terms.</li> </ul>
<b>Information technology</b>	<p>The Group is reliant on IT in its day-to-day operations and as such is faced with a number of IT-related risks including:</p> <ul style="list-style-type: none"> <li>General threats to IT systems and data include hardware and software failure, malwares and viruses, spam, scams and phishing and human error.</li> <li>Criminal IT threats including fraud, security breaches, data theft, denial-of-services and staff dishonestly.</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity planning by having multiple offsite backups of information data.</li> <li>Training of staff in proper usage and safeguarding of data.</li> <li>Enforcement of IT risk management policies and procedures.</li> <li>Putting in place safeguards to protect data, i.e., password policy, antivirus/malware applications, limiting access to servers, limiting access to hardware.</li> </ul>

Risk	Description of risk	Response to risk
<b>Health, safety and environmental compliance</b>	<ul style="list-style-type: none"> <li>Mining and processing operations, decommissioning activities and everyday usage of equipment may cause loss of equipment integrity, fires, explosions and pollution.</li> <li>A major health, safety or environmental incident may lead to loss of life, loss of reputation, loss of production and revenue as well as additional costs and liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to laws, policies and internal procedures</li> <li>Regular maintenance and prevention activities.</li> <li>Protocols in case of an incident to ensure the impact is minimised and investigation to understand their causes with lessons-learned shared and communicated throughout the Group.</li> <li>Monitoring of safety incidents to measure the Group's HSEC performance and identify trends/issues to be addressed.</li> <li>Consult with our employees on matters affecting their health and safety.</li> <li>Ensure all employees are competent to do their tasks by providing training, information and supervision.</li> </ul>
<b>Foreign exchange fluctuation</b>	<ul style="list-style-type: none"> <li>The Group operates in the USA and Turkey. Since 2018 the Turkish Lira has depreciated against most currencies</li> <li>A large portion of the Group's loan facility is in EUROS and may contribute to higher principal and interest repayment if the Euro moves unfavourably against the US Dollar</li> </ul>	<ul style="list-style-type: none"> <li>The majority of the Turkish sales and purchase contracts are in either the EURO or US Dollar, significantly minimising the exposure to the Turkish Lira. The only significant costs in Turkish Lira are in relation to general overheads that that is relatively insignificant to the production cost of the Turkish operations. Management continues to ensure when possible that risk is minimised by contracting in either the EURO or the US Dollar to mitigate against the volatility of the LIRA.</li> <li>A large percentage of our cash inflow from operations in Turkey is in the EURO, any fluctuation of the EURO in relation to the loan facility can be met by our EURO income generated in Turkey.</li> </ul>
<b>Local laws and regulations</b>	The Group operates in the UK, Turkey and the USA, requiring compliance with local laws and regulations stipulated by the 3 jurisdictions. Non-compliance would impede the Group's ability to continue to operate or be subject to fines and penalties and damage to the Group's reputation or credit rating	<p>Specific expertise is required to ensure compliance with local laws and regulations. The Group ensures this by:</p> <ul style="list-style-type: none"> <li>Employing employees with the requisite experience and expertise</li> <li>Consulting with external experts where there is ambiguity or new laws and regulations that need to be addressed.</li> <li>In June 2021, management initiated a global due diligence project to look at its tax compliance</li> </ul>

Additional detail on financial risks is set out in Note 4 *Financial risk management* to the consolidated financial statements.

# WE Soda Ltd

## Strategic Report - Strategic Objectives and key performance indicators (KPIs)

The Group strategic objectives are:

Growth & Profitability	HSEC & ESG
<ul style="list-style-type: none"> <li>• Increase profits by increasing production and reducing unit operating costs.</li> <li>• Pursue sales and marketing strategies to maximise multi-year netback pricing.</li> <li>• Expand customer network in higher-value and high growth industries (e.g., lithium).</li> <li>• Identify and access additional trona resources that can be developed at attractive returns.</li> <li>• Pursue commercial opportunities including optimising risk management and cost of logistics, shipping and distribution, extracting value from ESG-led sales and evaluating alternative contractual structures with core customers.</li> </ul>	<p>Relentless focus on further improving:</p> <ul style="list-style-type: none"> <li>• HSEC performance.</li> <li>• ESG focus, systematic documentation and certification.</li> <li>• Supporting, investing in and developing our people.</li> <li>• Supporting and investing in the communities in which we operate.</li> </ul>

KPIs provide an illustration of management's ability to successfully deliver against our strategic objectives:

Objective	Growth & Profitability			
KPI	Production Volume (Tonnes per day)	Cost of Sales (\$ per tonne)	Logistics & Transport Cost (\$ per tonne)	Operating cash flow (\$ millions)
2019	Soda ash 17,906 Sodium bicarb 879	Soda ash 138.35 Sodium bicarb 144.47	36.23	402.7
2020	Soda ash 16,198 Sodium bicarb 1,053	Soda ash 126.08 Sodium bicarb 107.29	32.75	441.4
Definition	The average daily production from the Group's producing assets.	The average cost to produce a tonne of soda ash/sodium bicarbonate, including amortisation and depreciation expenses.	The average logistics and transportation cost per tonne of soda ash/sodium bicarbonate, including port expenses, to deliver product from our production plant to the delivery destination	The total operating free cash flow that is generated from our operations.
Relevance	Production volumes is a key driver of the Group's revenue and its performance.	The lower the production cost the greater the operating profit and cashflow per tonne.	The lower the logistic cost the greater the operating profit and cashflow per tonne.	The greater the operating cash flow the more cash is available to fund operations.
Risk Management	Diversifying the production base; ensuring robust maintenance to ensure high levels of utilisation.	Continuous focus on plant optimisation; extensive planning and cost engineering with experienced resources.	The Group continues to monitor and optimise its delivery format to maximise profitability whilst appropriately managing risk.	The Group continues to monitor its cost structure and sales prices to maximise cashflow.

Objective	HSEC & ESG			
KPI	Lost Time Injuries (Frequency per million-man hours)	Carbon Emissions (Tonne CO <sub>2</sub> per tonne soda ash)	Sustainability Certification (Ecovadis)	Ethical Trading Certification (Sedex)
2019	54	Eti Soda 0.36 Kazan Soda 0.65 Ciner 0.55 Wyoming	Eti Soda only (Silver)	Eti Soda only certified
2020	59	Eti Soda 0.35 Kazan Soda 0.35 Ciner 0.55 Wyoming	Eti Soda Silver Kazan Soda Silver Ciner Silver Wyoming	All sites certified
Definition	A work-related injury that results in the individual being unable to work.	The quantity of CO <sub>2</sub> that is produced per tonne of soda ash production (Scope II).	Independent certification to measure business sustainability	Independent certification to measure the ethical trading standards of our business.
Relevance	Metric used to provide guidance as to the Group's HSEC performance.	A key measure of environmental impact and for benchmarking vs. peers.	Increasingly important for our customers and other stakeholders.	Certification increasingly important for our customers and other stakeholders.
Risk Management	The Group targets zero Lost Time Injuries every year and has an active HSEC plan to help try to achieve this.	The Group aims to continually reduce its Scope I, II, III Carbon emissions and has a plan to do this.	The Group will be certified each year and has a plan to continually improve its ranking.	The Group will be certified each year and has a plan to continually improve its compliance procedures.

# WE Soda Ltd

## Strategic Report - Directors' duties – s172(1) Companies Act 2006

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the:

- Likely consequences of any decision in the long-term,
- Interests of the company's employees,
- Need to foster the company's business relationships with suppliers, customers and others,
- Impact of the company's operations on the community and the environment,
- Desirability of the company maintaining a reputation for high standards of business conduct, and
- Need to act fairly as between members of the company.

In this regard, the Directors identify:

### *Strategy and consideration of the likely consequences of decisions for the long-term*

The Group's business strategy aims to grow the business organically, through investment in and expansion of our existing assets and through the acquisition of and development of further trona mining licences. As the Group executes its strategy, the number of stakeholders is increasing: The Group's shareholder, finance partners, employees, the communities in which we operate, our distributors, suppliers and customers. As a consequence, the Directors acknowledge that the broader strategy must include safeguarding the interests of all stakeholders. To that end, as the Board of Directors, it is our intention to ensure that management and employees operate the business in a responsible and sustainable manner, according to the highest standards of conduct and governance.

### *Key issues*

The key issues for the Group are those factors which affect the prospects and risks to the business and, in turn, the stakeholders. Those areas of particular significance during 2020 have been a focus on the financing of the Group, the impact of COVID-19, and the Group's commitments to operating responsibly with a particular focus on environment and social impact.

### *Methods of stakeholder engagement*

WE Soda builds positive relationships with all of its stakeholder groups, ensuring they are kept current with the Group's activities, enabling them to provide feedback to the management on a regular basis. The Group uses various channels and platforms such as electronic communication, its corporate website, social media, satisfaction surveys, visits to and audits of its facilities, engagement with employees, suppliers, distributors, customers, local government and the populations around its sites, public organisations and many others.

**Shareholder:** The management team communicate regularly with the shareholder in face-to-face meetings, phone calls, via telephone messaging services and through various forms of written communication.

**Employees:** The Board and management engage with employees through committee meetings, internal e-mails, notice board communication, Kaizen groups, staff training and social events. At the Group's Turkish subsidiaries, employee representatives are elected by the employees annually and the representatives are actively involved in committees established to deal with personnel-related matters, liaising with management on behalf of employees to communicate views and grievances and updating employees on the economic performance of the business. In the US, employee involvement in the subsidiaries' performance is encouraged through employee incentive plans and benefits. Talent retention and development is critical to the success of the business, and it will continue to be part of the Group's core philosophy.

**Suppliers:** Annual supplier events are held at which suppliers are trained on topics such as mutual sustainable development goals and allows business partners to become involved in some of the key decision-making processes of the Group. The Group also visits suppliers, carries out audits and attends industry conferences.



**Customers:** The Group's customer relations teams carry out annual customer satisfaction surveys which are evaluated, and improvements are made where needed. Enquiries and complaints are handled promptly and effectively to ensure customer satisfaction. Personnel from a range of departments attend annual conferences where customers and manufacturers meet to discuss industry trends and give presentations on a range of topics.

**Other Stakeholder Groups:** Management hold group or one-to-one meetings with leaders from government, local communities and public organisations. Internships, career days and conferences enable us to build links and relationships with future talent, universities and invite expert input from industry professionals.

### Examples of stakeholder considerations in certain key Board decisions during the year

In discharging its duties, the Board considers the views of its stakeholders alongside information pertaining to key areas such as strategy, risk and legal and regulatory compliance. The Board considers the following to be the key decisions and considerations it has made during the year to 31 December 2020:

Board Decision	Considerations
<b>Operational changes in response to COVID-19</b>	<ul style="list-style-type: none"> <li>The shareholder made a commitment that no employee would lose their job during the pandemic.</li> <li>By rapidly implementing strict testing, isolation and quarantining at all sites, all facilities remained fully operational. The Group took all necessary steps to ensure the safety of its employees. Cases of COVID-19 at production sites and logistics operations were low and overall COVID-19 disruption was limited.</li> </ul>
<b>Finance &amp; Treasury Transformation</b>	<ul style="list-style-type: none"> <li>During 2020 Deloitte were engaged to carry out a comprehensive review of the Group finance and treasury functions with a specific focus on developing a finance "blueprint" in 4 key areas:               <ol style="list-style-type: none"> <li>Improved Treasury and Cash Management Systems – better cash flow and more timely debt payments to suppliers and lenders.</li> <li>Speed and quality of Month End Reporting will provide better management information, so the Board and management have increased understanding of how the business is performing.</li> <li>Standardisation of Operational and Transactional Finance at production facilities to ensure harmonised procurement from suppliers alongside appropriate control processes.</li> <li>Dedicated IT Systems running on a single platform to provide common data structures and security which protect the integrity of the business.</li> </ol> </li> <li>The business is subsequently undergoing a programme of finance transformation, with specific focus on implementing the recommended Treasury controls and management during 2021.</li> </ul>
<b>Exit from ANSAC</b>	<ul style="list-style-type: none"> <li>ANSAC and the members thereof entered into an agreement, with Ciner Corp, effective as of July 24, 2020, that, among other things, terminated Ciner Corp's membership in ANSAC effective December 31, 2020.</li> <li>Ciner Corp was a member of the ANSAC consortium which comprised three US-based soda ash producers. ANSAC markets, sells and distributes soda ash, on behalf of its member producers, to export customers in international markets (with the exception of a few territories, including the EU).</li> <li>The decision to depart ANSAC enables WE Soda to have full control over the marketing, pricing, sales and distribution of its product globally with the ability to optimize its global supply chain and maximise economic returns.</li> <li>For a period of two years after 31 December 2020, Ciner Wyoming will purchase a limited amount of export logistics services and will continue to sell, with substantially lower volumes, product to ANSAC for export sales purposes with a fixed rate per tonne SG&amp;A expense.</li> </ul>
<b>Operating Responsibly/ESG</b>	<ul style="list-style-type: none"> <li>Environmental and social (ESG) impact is a major area of focus impacting a wide range of stakeholders including employees, suppliers, customers, local communities and governments.</li> <li>Increasingly, our customers and other stakeholders require us to provide third party verification of our ESG performance and credentials.</li> <li>Commitments were made during 2020, which formally recognised the Group's sector leading environmental position and set new goals to further improve ESG performance.</li> <li>EcoVadis, a leading global sustainability platform, assessed all three production sites and awarded each a silver medal, placing the Group in the top quartile of all companies in comparable sectors.</li> <li>All of our production sites are now members of Sedex, an ethical trading platform to manage and improve working conditions in global supply chains.</li> <li>The Group's production sites have been subject to various audits and inspections, gaining certification in environmental product declaration and carbon disclosure from EDP and CDP</li> <li>SRM was commissioned to carry out a Social Impact Report which summarises multiple initiatives the Group has been involved with to support the communities in which we operate.</li> </ul>

# **WE Soda Ltd**

## **Strategic Report**

This Strategic Report was approved by the Board of Directors, and signed on its behalf by:

**Alasdair J. Warren**  
**Chief Executive Officer / Director**  
**15 July 2021**

**Tom Hinton**  
**Chief Financial Officer / Director**  
**15 July 2021**



# WE Soda Ltd

## Directors' Report

The Directors present their report together with the audited Consolidated and Parent Company financial statements of WE Soda Ltd (the Company or Parent Company / together with its subsidiaries referred to as the Group) for the year ended 31 December 2020.

### Principal activities

The principal activities of the Group, which are intended to continue into the future, are mining for and processing of trona to produce sodium carbonate (soda ash) and sodium bicarbonate, which are essential raw materials used in the manufacture of flat glass, container glass, detergents, chemicals, paper and other consumer and industrial products. The Company is focused on building a portfolio of assets in the global soda ash business. The Group operates through a number of subsidiaries, which are set out in Note 31 *Group companies* to the consolidated financial statements.

### Future developments within the Group

The Strategic report commencing on page 2 contains details of likely future developments within the Group.

### Directors

The Directors who served in office during the financial year and subsequently to the date of signing, except as noted, were as follows:

Gürsel Usta (Chairman)  
Alasdair John Warren (Chief Executive Officer)  
İkbal Didem Ciner (Executive Director)  
Mehmet Ali Erdoğan (Chief Legal Officer)  
Sir Peter John Westmacott (Non-Executive Director)  
Sait Ergun Özen (Non-Executive Director)  
Tom Hinton (Chief Financial Officer - appointed on 11 June 2020)  
Suat İnce (Non-Executive Director - appointed on 20 April 2020)

### Support for Directors

The Board has adopted a policy whereby Directors may, in the furtherance of their duties, seek independent professional advice at the Company's expense. Each Director has the benefit of a deed of indemnity from the Company in respect of claims made and liabilities incurred, in either case arising out of the bona fide discharge by the Director of his or her duties. The Company has also arranged appropriate insurance cover in respect of legal action against the Directors of the Company and its subsidiaries. The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Results and dividends

The consolidated financial statements for the year ended 31 December 2020 are as set out in the financial statements section of this report. The Group's profit after tax for the year was USD164.6 million (2019: profit of USD184.8 million).

During 2020 no ordinary dividends were declared and paid (2019: nil). The Directors do not recommend the payment of any further final dividend for the year (2019: nil).

### Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by such persons. Should an existing employee become disabled, it is in the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion. The Group also comply with local regulations where operational activities conducted with regards to hiring disabled persons. The Group employs 32 disabled persons as at 31 December 2020 (2019: 31 disabled persons).

# WE Soda Ltd

## Directors' Report (continued)

### Donations

During the year the Group contributed USD0.7 million (2019: USD0.5 million) to charitable causes and did not make any political donations.

### Branch outside the UK

In 2018, the Group established a branch in Beijing, China to develop relationships with the market and finance institutions in China.

### Statement of corporate governance arrangement

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles) (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website).

Companies are able to adopt the Wates Principles as an appropriate framework when making disclosures regarding corporate governance arrangements. The Group have adopted the disclosure in the 31 December 2020 Consolidated Financial Statements and have set out below how the Wates Principles has been applied over the last 12 months, and how the Group intends to apply them further going forward as the strategy is developed and the business continues to grow.

#### Principle 1 – Purpose and leadership

The Group's purpose is to be a leading global supplier of soda ash – in terms of scale, profitability, environmental responsibility, sustainability and governance. The Group's mission is to challenge the status quo, to innovate and to excel in everything it does. The Group is focussed on delivering the highest quality naturally sourced product to its customers in an environmentally friendly, sustainable and socially responsible way. Solution mining of natural trona combined with an efficient global supply chain mean that the Group has the lowest carbon emissions (Scope I, II & III) of any soda ash producer worldwide, by a significant margin. The Group aims to improve its sustainability credentials at every stage of the product life cycle.

The Group's strategy is to maintain and extend its leadership position in the global soda ash industry in terms of production volumes, product quality and supply chain reliability, technology and process innovation and in safety and environmental standards. Our strategy is executed in a responsible and sustainable way, with the lowest impact on the environment whilst supporting and investing in the communities in which we operate and creating a positive impact with all stakeholders.

Our corporate culture and values of accountability and transparency set the standard for our operations and guide our strategic direction. Our skilled, highly capable employees are critical to the Group's success, each contributing to our vibrant performance-focussed culture. Integrity and responsible business practices are encouraged, together with the development of long-term mutually beneficial partnerships with our distributors, customers and suppliers. The Group lives by its values and invests in its employees and local communities, providing support and resources which foster co-operation, development and economic independence.

Over the last 12 months, a key area of focus has been to produce and implement various procedures, policies and guidance documents for employees, including a Health & Safety Policy, an Equal Opportunities Policy and a Code of Conduct, which amongst other policies, formed the WE Soda Employee Handbook. This was formally approved by the Board in January 2021. The Group has also established Supplier Codes of Conduct for all of its operations.

#### Principle 2 - Board composition

The Company's Chairman, Gürsel Usta, was appointed on 6 December 2019. The roles and responsibilities of Chairman and Chief Executive Officer are separate and are clearly defined and documented to ensure that there is a balance of responsibilities, accountabilities and decision-making across the Company. The Chairman is responsible for the leadership and effective operation of the Board.

The Board comprises the Chairman, three Non-Executive Directors, Chief Executive Officer, Chief Financial Officer, Executive Director and Chief Legal Officer. Board members have a range of skills, expertise, and experience, including

# WE Soda Ltd

## Directors' Report (continued)

experience in the fields of industrial operations, banking, insurance, energy and diplomacy. The size and composition of the Board is appropriate to the business. The Group acknowledges that there is a lack of diversity on the Board and has taken this into consideration during the most recent board recruitment process and will continue to do so when making future Board appointments.

The Non-Executive Directors are responsible for bringing independent and objective judgment to the Board. The Non-Executive Directors participate fully in all Board commercial and strategic debates and provide significant advice and challenge in critical areas for the business.

### Principle 3 – Director responsibilities

The Board has agreed a Board meeting calendar and meets formally at least six times a year. Relevant governance updates are given to the Board at Board meetings by Prism Cossec, as well as the executive management team.

The Board receives regular information on many aspects of the business including financial and operating performance, strategy, market environment, health & safety, legal and compliance.

The Board has approved a Schedule of Matters Reserved for the Board which will be reviewed on an annual basis. Over the last 12 months a significant amount of work has been undertaken to develop and embed an internal controls framework. A treasury and cash governance transformation plan was approved by the Board in January 2021 and the Group Financial Controller joined in January 2021. The business has since implemented a number of control changes: a Group Delegation of Authority was approved by the Board in March 2021 and has since been implemented; a global treasury management system will be implemented during 2021; and Group finance functions are being established, with senior finance personnel being recruited throughout 2021.

Prism Cossec carried out a Governance Review of the Group in 2019 which was revisited in 2021 and updates on progress since the initial review were presented to the Board in May 2021. Significant progress has been made against the original actions, including the adoption of a Health & Safety Policy, the publication of a Modern Slavery Statement and the establishment of an annual calendar of formal Board meetings.

### Principle 4 – Opportunity and risk

The Board discusses and reviews the Group's strategic objectives at Board meetings, including discussion and consideration of long-term strategic opportunities. The Board reviews and approves the annual budget and the Five-Year Plan. The Five-Year Plan outlines the production forecast, the cost ambitions, the sales plans, the capital investment priorities and the resulting profit and cash flow forecasts. The debt facilities, repayment profile and covenants are assessed and stress-tested against the Five-Year Plan. Risks and mitigations are discussed, alongside the KPIs to be tracked through the year (from annual volumes all the way to OpCo-specific input costs)

The annual budget is set with reference to the Five-Year Plan, with any deviation from the long-term strategy assessed and critically evaluated by the Board.

### Principle 5 – Remuneration

The Board intends to form a remuneration committee during 2022, taking into consideration appropriate non-executive skill sets. Current remuneration structures are agreed between the Executive Directors and the Chair, taking into consideration experience, potential, skill level, external benchmarking and need to appropriately incentivise critical members of the management team.

### Principle 6 – Stakeholders

The Group builds positive relationships with all of its stakeholders and use various methods of engagement to ensure that the stakeholders are kept up to date with the Company's activities. For more information on stakeholders and how the Group engages with them please see the *Strategic Report - Directors' duties – s172(1) Companies Act 2006*.

The Group's mining and processing operations are subject to strict regulations by local authorities with respect to

# WE Soda Ltd

## Directors' Report (continued)

protection of the environment. We have a rigorous compliance program to ensure that the facilities comply with all applicable laws and regulations.

### Auditors

Each person who is a Director at the date of approval of this Annual Report confirms that as far as each Director is aware, there is no relevant audit information of which the Group's and Company's Auditors are unaware. In addition, each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's and Company's Auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP were appointed in the course of 2020 as auditors.

### Financial instruments

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in Note 4 *Financial risk management* to the financial statements. In particular, the Group's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the consolidated financial statements. In addition, Note 2 *Significant accounting policies*, to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to foreign exchange, interest rate, credit and liquidity risks.

The Group is funded by bank borrowings as set out in Note 24 *Borrowings*.

There were some difficulties faced during 2020. The impact of the Covid 19 pandemic as well as an outstanding intercompany loan which remained unpaid at the year end, caused some uncertainties in relation to covenant compliance. Management obtained a waiver with the lenders in order to proactively manage this risk. Subsequent to the balance sheet date, the intercompany loan was fully repaid, and in the second half of 2020, the Group observed signs of recovery in its operations in the form of increased global demand. (See Note 2.2 *Basis of preparation – Going concern* for full disclosure)

As at 31 December 2020, the Group had cash of USD37.4 million (including restricted cash of USD15.6 million), net current liabilities of USD1,480.9 million and net assets of USD1,655.0 million and traded profitably as at 31 December 2020. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Group considered as part of its risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. Each business performs risk oversight to assure adequate risk mitigation including identifying new and emerging threats. There is a coordinated approach to evaluate and manage the implications for our business arising from Brexit. The approach to Brexit is set out in Strategic Report's principal risk and uncertainties section.

### Post balance sheet events

#### Brexit

United Kingdom (UK) European Union (EU) membership referendum took place on 23 June 2016 where it was decided that the UK would leave the EU in March 2019. Due to the complexity of the process, the UK formally left the EU on 31 January 2020 and then went through a transition period that ended on 31 December 2020. As of 1 January 2021, the UK had officially exited the EU. Although a deal has been struck between the UK and the EU, it is anticipated that various changes to legislation and trade treaties will take place between the parties for years to come which may result in a

# WE Soda Ltd

## Directors' Report (continued)

significant change in the relationship between the UK and the EU and may have adverse political and economic impact on the Group's operations in the UK.

The Group's main cash generating operations, are located in Turkey and the US and have marginal reliance on trade with the United Kingdom and the Pound Sterling. As such, the Directors have not identified any adjusting nor non-adjusting events at the date of approval of these financial statements that would significantly affect the financial statements.

### COVID-19

The COVID-19 pandemic has had and will continue to have a widespread impact globally, affecting millions of people on every continent. Whilst COVID-19 vaccination programmes are starting to have a positive impact on the pandemic, there are still numerous uncertainties beyond the Group's control that may affect global markets, economic conditions and the supply, demand and pricing of soda ash. It is thus impossible for management to assess with any certainty the impact of COVID-19 on the Group, in terms of both duration and quantum.

In order to closely monitor and mitigate the impact of COVID-19 on the Group, the Directors took precautionary actions to protect the health and safety of employees across its entire operations, ensuring compliance with applicable rules in each of the locations in which WE Soda operates. WE Soda has executed a comprehensive plan to help prevent the spread of the virus in its work locations. This plan includes multiple layers of protection for employees, including but not limited to social distancing, working from home for certain employees, increased sanitation, restricted contractor and visitor access, temperature checks, travel restrictions, mask wearing requirements and daily communications. WE Soda has prepared contingency plans for all its operations, albeit such plans have not been required to date. As COVID-19 vaccines become more broadly available, WE Soda will encourage all employees to consider vaccination.

The COVID-19 pandemic started to affect the financial results of the Group from the latter part of Q1 2020, with the most significant direct impact occurring during Q2. By the beginning of Q3, the Group began to show signs of recovery. The rapid and substantial drop in global soda ash demand during Q2 2020, due to various government-imposed restrictions affecting end markets and customers, coincided with very high levels of inventories at customers and distributors built up during Q1. These factors led to WE Soda making precautionary production reductions starting from Q2 2020, which continued into Q3 and recovered during Q4. In addition to the drop in demand, WE Soda has also experienced significantly lower prices in 2020, which are expected to continue into 2021. Prices are, however, expected to recover to 2019 price levels during 2022 and beyond.

Although there was a negative impact from the effects of COVID-19 on demand, price and the supply chain during 2020, management remains confident that, in the medium and long term, the global demand for soda ash will continue to grow and WE Soda will be able to profitably deliver its produced volumes into its targeted markets.

This Directors' Report was approved by the Board of Directors, and signed on behalf by:

**Alasdair J. Warren**  
**Chief Executive Officer / Director**  
**15 July 2021**

**Tom Hinton**  
**Chief Financial Officer / Director**  
**15 July 2021**

# **WE Soda Ltd**

## **Directors' Responsibilities Statement**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **On behalf of the Board**

**Alasdair J. Warren**  
**Chief Executive Officer / Director**  
**15 July 2021**

**Tom Hinton**  
**Chief Financial Officer / Director**  
**15 July 2021**

# Report on the audit of the financial statements

## Opinion

In our opinion, WE Soda Ltd.'s group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit, the company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements ("Annual Report"), which comprise: the consolidated and Parent Company statements of financial position as at 31 December 2020; the consolidated and Parent Company statements of profit or loss and other comprehensive income, the consolidated and Parent Company statements of changes in equity, and the consolidated and Parent Company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company'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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



# WE Soda Ltd

## Independent Auditor's Report to the Members of WE Soda Ltd (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes and discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing significant judgements and estimates, to ensure that there are no indications of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jason Burkitt (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15 July 2021

# WE Soda Ltd

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2020

(in thousands of US dollars)

	Notes	2020	2019
<b>Continuing operations</b>			
Revenue	7	1,197,813	1,389,398
Cost of sales	8	(864,556)	(993,295)
<b>Gross profit</b>		<b>333,257</b>	<b>396,103</b>
Administrative expenses	9	(57,978)	(50,561)
Marketing expenses	10	(4,928)	(3,940)
Other operating income	11	65,415	27,839
Other operating expenses	11	(62,747)	(37,418)
<b>Profit from operations</b>		<b>273,019</b>	<b>332,023</b>
Finance income	12	41,438	35,676
Finance expenses	12	(346,070)	(231,091)
Loss on disposals of fixed assets		(748)	(3,654)
<b>(Loss)/profit before tax</b>		<b>(32,361)</b>	<b>132,954</b>
Taxation	13	197,006	51,864
<b>Total profit for the financial year</b>		<b>164,645</b>	<b>184,818</b>
<b>Profit for the year attributable to:</b>			
Parent of the company		132,053	111,634
Non-controlling interest		32,592	73,184
		<b>164,645</b>	<b>184,818</b>
<b>Basic and diluted earnings per share</b>	<b>30</b>	<b>0.860</b>	<b>0.727</b>
<b>Other comprehensive (expense)/income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Accumulated gain on remeasurement of defined benefit plans		(3,137)	(3,597)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
- Foreign currency translation reserve	30	(409,950)	(256,151)
- Hedge accounting		5,472	1,695
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(407,615)</b>	<b>(258,053)</b>
<b>Total comprehensive loss for the year</b>		<b>(242,970)</b>	<b>(73,235)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Parent of the company		(224,002)	(111,243)
Non-controlling interest		(18,968)	38,008
<b>Total comprehensive loss for the year</b>		<b>(242,970)</b>	<b>(73,235)</b>

The Notes on pages 30 to 94 form part of these consolidated financial statements.

# WE Soda Ltd

## Consolidated Statement of Financial Position

As at December 31, 2020

(in thousands of US dollars)

	Notes	2020	Restated (Note 2.31) 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,051,082	1,279,636
Mining reserves	15	2,038,414	2,408,734
Intangible assets	16	5,799	6,184
Mining assets	17	143,998	192,707
Inventories	23	35,046	27,251
Prepaid expenses	18	10,492	1,721
Other receivables	19	526,106	480,685
Deferred tax assets	13	437,419	264,604
Goodwill	20	54,595	60,561
Right of use assets	36	26,162	28,654
Other non-current assets	21	2,214	1,247
		<b>4,331,327</b>	<b>4,751,984</b>
<b>Current assets</b>			
Trade receivables	19	218,977	225,283
Other receivables	19	247,499	5,279
Cash and cash equivalents	22	21,850	107,738
Prepaid expenses	18	5,577	5,240
Inventories	23	52,355	55,409
Derivative financial instruments	26	1,360	136
Other current assets	21	30,179	77,597
		<b>577,797</b>	<b>476,682</b>
<b>Total assets</b>		<b>4,909,124</b>	<b>5,228,666</b>
<b>Non-current Liabilities</b>			
Borrowings	24	727,258	2,119,417
Lease liabilities	36	22,649	30,363
Trade payables	25	57,686	32,890
Other payables	25	304	965
Derivative financial instruments	26	1,268	2,916
Employee benefits	27	68,510	68,351
Current tax liability		1,596	-
Mine closure provision	28	40,130	86,229
Deferred tax liability	13	276,064	346,890
		<b>1,195,465</b>	<b>2,688,021</b>
<b>Current liabilities</b>			
Trade payables	25	130,175	166,615
Other payables	25	52,240	45,958
Borrowings	24	1,754,743	325,534
Lease liabilities	36	15,638	16,097
Current tax liability		33,170	15,509
Derivative financial instruments	26	895	3,255
Provisions		2,000	-
Employee benefits	27	13,542	13,319
Deferred income (contract liabilities)	29	44,875	29,547
Other current liabilities	21	11,385	9,405
		<b>2,058,663</b>	<b>625,239</b>
<b>Total liabilities</b>		<b>3,254,128</b>	<b>3,313,260</b>

# WE Soda Ltd

## Consolidated Statement of Financial Position (continued)

As at December 31, 2020

(in thousands of US dollars)

	Notes	2020	Restated (Note 2.31) 2019
<b>Equity</b>			
Share capital	30	153,636	153,636
Share premium	30	1,382,131	1,382,131
Restricted profit reserves	30	26,890	26,373
Accumulated other comprehensive loss that will not be reclassified subsequently to profit or loss		(6,365)	(3,228)
Accumulated other comprehensive loss that will be reclassified subsequently to profit or loss:		(954,047)	(601,129)
- Foreign currency translation reserve	30	(956,238)	(601,542)
- Hedge accounting		2,191	413
Retained profit		169,086	37,550
<b>Equity attributable to owners of the Company</b>		<b>771,331</b>	<b>995,333</b>
Non-controlling interest		883,665	920,073
<b>Total equity</b>		<b>1,654,996</b>	<b>1,915,406</b>

The Notes on pages 30 to 94 form part of these consolidated financial statements.

The consolidated financial statements on pages 25 to 94 were approved by the Board on 15 July 2021 and were signed on its behalf.

**Alasdair J. Warren**  
**Chief Executive Officer / Director**  
**15 July 2021**

**Tom Hinton**  
**Chief Financial Officer / Director**  
**15 July 2021**

**Company Number 10264457**

# WE Soda Ltd

## Consolidated Statement of Changes in Equity

For the year ended December 31, 2020

(in thousands of US dollars)

	Share capital	Share premium	Restricted profit reserves	Accumulated gain/(loss) on remeasurement of defined benefit plans <sup>1</sup>	Other Reserves <sup>2</sup>	Foreign Currency Translation Reserve <sup>3</sup>	(Accumulated losses)/ retained earnings	Equity attributable to owners of the Company	Non- controlling interest	Total equity
<b>At 1 January 2019</b>	<b>153,636</b>	<b>1,382,131</b>	<b>11,423</b>	<b>340</b>	<b>(286)</b>	<b>(381,534)</b>	<b>(59,134)</b>	<b>1,106,576</b>	<b>955,757</b>	<b>2,062,333</b>
<b>Equity-based compensation plan activity</b>	-	-	-	-	-	-	-	-	353	<b>353</b>
<b>Dividend distribution</b>	-	-	-	-	-	-	-	-	(74,045)	<b>(74,045)</b>
<b>Transfer</b>	-	-	14,950	-	-	-	(14,950)	-	-	-
- Profit for the year	-	-	-	-	-	-	111,634	111,634	73,184	<b>184,818</b>
- Other comprehensive (loss)/income for the year	-	-	-	(3,568)	699	(220,008)	-	(222,877)	(35,176) <sup>3</sup>	<b>(258,053)</b>
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	<b>(3,568)</b>	<b>699</b>	<b>(220,008)</b>	<b>111,634</b>	<b>(111,243)</b>	<b>38,008</b>	<b>(73,235)</b>
<b>At 31 December 2019</b>	<b>153,636</b>	<b>1,382,131</b>	<b>26,373</b>	<b>(3,228)</b>	<b>413</b>	<b>(601,542)</b>	<b>37,550</b>	<b>995,333</b>	<b>920,073</b>	<b>1,915,406</b>
<b>Equity-based compensation plan activity</b>	-	-	-	-	-	-	-	-	528	<b>528</b>
<b>Dividend distribution</b>	-	-	-	-	-	-	-	-	(17,968)	<b>(17,968)</b>
<b>Transfer</b>	-	-	517	-	-	-	(517)	-	-	-
- Profit for the year	-	-	-	-	-	-	132,053	132,053	32,592	<b>164,645</b>
- Other comprehensive (loss)/income for the year	-	-	-	(3,137)	1,778	(354,696)	-	(356,055)	(51,560) <sup>3</sup>	<b>(407,615)</b>
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	<b>(3,137)</b>	<b>1,778</b>	<b>(354,696)</b>	<b>132,053</b>	<b>(224,002)</b>	<b>(18,968)</b>	<b>(242,970)</b>
<b>At 31 December 2020</b>	<b>153,636</b>	<b>1,382,131</b>	<b>26,890</b>	<b>(6,365)</b>	<b>2,191</b>	<b>(956,238)</b>	<b>169,086</b>	<b>771,331</b>	<b>883,665</b>	<b>1,654,996</b>

Note 1 - Accumulated other comprehensive income that will not be reclassified subsequently to profit or loss.

Note 2 - Accumulated other comprehensive income that will be reclassified subsequently to profit or loss.

Note 3 - Includes USD55,254,104 (2019: USD36,142,900) of foreign currency translation loss allocated to non-controlling interest.

The notes on pages 30 to 94 form part of these consolidated financial statements.

# WE Soda Ltd

## Consolidated Statement of Cash Flows

For the year ended December 31, 2020

(in thousands of US dollars)

	Notes	2020	Restated (Note 2.31) 2019
<b>Cash flow from operating activities</b>			
Total profit for the year		<b>164,645</b>	<b>184,818</b>
<b>Adjustments for:</b>			
Depreciation and amortisation expenses	6	179,182	207,709
Retirement benefit		941	1,037
Provisions arising from penalties and legal claims		2,000	-
Interest income		(41,742)	(36,666)
Interest expense		133,903	150,171
Discount income and expenses		1,742	1,399
Bank charges		22,638	-
Net foreign exchange loss		178,411	76,797
Income tax credit	13	(197,006)	(51,864)
Increase in inventories		(12,086)	(20,201)
Increase in trade and other receivables		624	(84,363)
Increase in trade and other payables		6,087	(31,133)
Losses on disposals of fixed assets		747	3,654
Equity-based compensation expense		738	841
Other cash outflows		553	492
<b>Cash generated from operations</b>		<b>441,377</b>	<b>402,691</b>
Tax return payments		(14,642)	(18,345)
Paid retirement benefit obligation		(71)	(92)
<b>Net cash generated from operating activities</b>		<b>426,664</b>	<b>384,254</b>
<i>Cash flow from investing activities:</i>			
Purchase of property, plant and equipment	14	(82,162)	(140,156)
Cash inflows from sale of purchase of property, plant and equipment		493	-
Interest received		1,165	2,227
Movement in borrowings in related parties		(229,115)	(1,063)
<b>Net cash used in investing activities</b>		<b>(309,619)</b>	<b>(138,992)</b>
<i>Cash flow from financing activities:</i>			
Cash obtained from borrowings		258,875	215,149
Cash used for repayment of the borrowings		(298,257)	(353,208)
Cash outflow from lease liabilities		(17,720)	(20,396)
Interest paid		(109,263)	(135,836)
Bank charges		(21,197)	-
Distributions to non-controlling interest shareholder of subsidiary		(17,968)	(59,842)
Movement in restricted bank balances		(13,984)	-
Other cash inflows/(outflows)		494	(187)
<b>Net cash used in financing activities</b>		<b>(219,020)</b>	<b>(354,320)</b>
Effects of exchange rate changes on cash and cash equivalents		2,103	(1,561)
<b>Net used in cash and cash equivalents</b>		<b>(99,872)</b>	<b>(110,619)</b>
Cash and cash equivalents at beginning of the year	22	107,738	218,357
<b>Cash and cash equivalents at end of the year</b>	<b>22</b>	<b>7,866</b>	<b>107,738</b>

The notes on pages 30 to 94 form part of these consolidated financial statements.

# WE Soda Ltd

## Notes to Consolidated Financial Statements

(tabular amounts in thousands of US dollars, except where noted)

### 1. General information

WE Soda Ltd (the Company or Parent Company) is a private company limited by shares incorporated in the United Kingdom on 6 July 2016 and registered in England and Wales under the Companies Act 2006, which serves as an intermediate holding company for the Group. The address of the registered office is 23 College Hill, London, EC4R 2RP, United Kingdom. The nature of the Group's operations and its principal activities are mining for trona and producing soda ash and sodium bicarbonate, which are essential raw materials in flat glass, container glass, detergents, chemicals, paper and other consumer and industrial products. The Company is focused on building a portfolio of assets in global soda ash business.

Its parent and ultimate holding company is Akkan Enerji ve Madencilik A.Ş. incorporated in Turkey. The Group's ultimate controlling party is Mr. Turgay Ciner.

The largest parent company in the Group preparing group financial statements is the Company's direct holding company, Kew Soda Ltd, incorporated in the United Kingdom, its registered office is 23 College Hill, London, EC4R 2RP, United Kingdom. The smallest parent company in the Group preparing group financial statements is the Company. Copies of WE Soda Ltd consolidated financial statement can be obtained from the Company Secretary at 23 College Hill, London, EC4R 2RP, United Kingdom.

### 2. Significant accounting policies

#### 2.1 Financial information

The financial information is presented in US Dollars (\$, USD). Foreign operations are included in accordance with the policies set out in this note.

#### 2.2 Basis of preparation

The Company has prepared consolidated financial statements which comply with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

#### Going concern

The financial statements as of and for the year ended 31 December 2020 have been prepared on the going concern basis, as the Directors have determined that the Group has sufficient resources and liquidity and continue in operational existence and to meet its liabilities as they fall due at least 12 months from the date of approval of the accounts. In assessing the Group's ability to adopt the going concern basis, the Directors have tested the Group's ability to meet its liabilities as they fall due in a variety of cash flow scenarios, including a severe but plausible downside scenario. This scenario applies severe but plausible economic downside assumptions to the Group's base case forecast resulting from the continued economic and social uncertainty surrounding the outbreak and spread of COVID-19.

At the beginning of financial year 2020, Management revisited the financial projections for years 2020 and 2021 and considered the potential impact of the COVID-19 outbreak on the Group's results. Although this revision did not identify existing non-compliance with covenants, considering the uncertainty and the potential for negative global economic disruptions and material adverse effects from the COVID-19 outbreak on global soda ash markets, there was uncertainty for the upcoming 12 months (commencing on the approval date of 2019 annual accounts) in terms of covenant compliance and ability to fund scheduled repayments based on the scenarios considered. Therefore, Management proactively engage with its lenders to amend its facilities as follows:

- On 24 July 2020, the WE Soda Facilities Agreement was amended to reprofile scheduled payments, to have a financial covenant holiday for the last 3 quarters of 2020 and increase covenant thresholds that will be tested starting from 31 March 2021.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

- On 18 December 2020, due to being a condition precedent of the WE Soda Facilities Agreement amendment dated 24 July 2020, Kazan Soda Project Finance Loan Agreement was also amended to reschedule indebtedness in parallel to profiling done at WE Soda Facilities Agreement. In addition, required waiver was obtained for the breach occurred as result of precautionary principal payment made from debt service reserve account on 19 June 2020.

In the second half of 2020, the Group observed the signs of recovery in its operations in the form of increased global demand. While the Group experienced significant fluctuations in quarter-over-quarter soda ash volumes, with a material decline in demand in the first half of the year, this was mitigated by price and volume stabilisation and continued recovery in the second half of the year.

However, as detailed in Notes 24, 32 and 37, as of 31 December 2020, the Group was not in compliance with certain clauses of existing WE Soda Facilities Agreement related to transactions with its affiliates due to certain temporary fund transfers from the Group to its affiliates. Short-term non-trade receivables amounting to USD224.9 million represents temporary affiliate transfers which were fully repaid on 8 June 2021 and subsequently a waiver was granted on 18 June 2021 to waive of all defaults, breaches, and events of default, which occurred or may have occurred due to this temporary affiliate transactions. Due to this breach, all outstanding balances with respect to WE Soda Facilities Agreement were reclassified as current borrowings as at 31 December 2020.

Effective 5 March 2021 the Ciner Wyoming Equipment Financing Arrangement and the Ciner Wyoming Credit Facility were each amended to, amongst other things, carve out from the definition of Change of Control any change in control that could arise from lender actions under WE Soda Facilities Agreement relating to any events of default under WE Soda Facilities Agreement, and, effective 8 March 2021, the Ciner Resources Credit Facility was terminated.

During 2021, the Group has seen continued recovery in its global business coupled by repayment of the aforementioned affiliate receivables; the Group's liquidity has improved. The soda ash market is currently projected to recover from shrunken demand in 2020 and grow to almost 67.0 million metric tons in 2025, which represents a compounded annual growth rate of 2.9%. However, certain countries have again begun to see a plateau or upward daily trend of new COVID-19 confirmed cases, which creates the possibility of a renewed materially adverse impact of COVID-19 on the Group's business over the projection period. For the severe but plausible downside scenario, the Directors have therefore assumed a new cycle of material deterioration in global demand and significant downward pricing pressure, modelled on the experience gained in 2020. The Directors have considered mitigating actions that are in Management's control, such as utilizing the flexibility of the Group's production assets to adjust to the swings in global demand, removing current non-essential operating expenses and delaying expansion capital spending, and have concluded that, at the date of approval of the accounts, the Group would continue to meet its liabilities as they fall due in the event of the severe but plausible downside scenario occurring. The Directors have also reverse stress-tested the model to determine the extent of deterioration of cash flows that would lead to the Group breaking the financial maintenance covenants of its Senior Facilities Agreement and have concluded that such a significant deterioration of cash flows is implausible.

Given the above, the Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing these accounts for the Group.

### General

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

The disclosed policies have been applied consistently by the Group for both the current and previous financial year with the exception of the new standards adopted.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as of each year end. Control is achieved when the Company:

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

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

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

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

See Note 2.8 *Subsidiaries* for further details.

### 2.4 New and revised IFRSs

#### *New and amended IFRS Standards that are effective for the current year*

(a)	Amendments to IFRS 3	<i>Definition of a Business</i>
(b)	Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
(c)	Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform – Phase 1</i>
(d)	Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions</i>
(e)	Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRSs</i>

The application of (a) to (e) has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

#### *New and revised IFRSs in issue but not yet effective*

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2020 that the Group has not yet adopted.

(a)	IFRS 17	<i>Insurance Contracts</i>
(b)	Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
(c)	Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
(d)	Amendments to IAS 16	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
(e)	Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
(f)	Annual Improvements to IFRS Standards 2018 - 2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>
(g)	Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
(h)	Amendments to IFRS 9, IAS 39, IFRS 7	<i>Interest Rate Benchmark Reform - Phase 2</i>
(i)	Amendments to IAS 12	<i>Recognition of deferred tax</i>

LIBOR is expected to be replaced by alternative risk-free rates by the end of 2021 as part of inter-bank offer rate (IBOR) reform. Phase 2 IBOR amendments to IFRS 9 Financial Instruments, IAS 39 Hedge Accounting, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases were published in August 2020 and are effective from 1 January 2021.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

The Group is continuing preparation for transition to incorporate alternative risk-free rates where the current interest benchmarks used by the Group is LIBOR in relation to its floating rate debt facilities. The Group is monitoring the market and discussing the potential changes with its counterparties in order to effectively transition to alternative risk-free rates.

The Group is currently assessing alternative interest rate derivative contracts and the reliance upon replacement rates where relevant.

The application of (a) to (h) are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

### 2.5 Acquisitions

On an acquisition that qualifies as a business combination in accordance with IFRS 3 Business Combinations, the assets and liabilities of a subsidiary are measured at their fair value as at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill which is treated as an intangible asset. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the Statement of Comprehensive Income in the period of acquisition.

If the Group acquires a group of assets of equity in a company it can apply a 'concentration test' that, if met, eliminates the need for further assessment. This test is optional, and where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. For a group of assets or equity in a company that does not constitute a business combination in accordance with IFRS 3 Business Combinations, the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

The Company adopted IFRS 3 as their accounting policy regarding acquisitions under common control.

### 2.6 Business combinations

Business combinations are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed, are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests (NCI) that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 2.7 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

### 2.8 Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Investments in subsidiaries represent equity holdings in subsidiaries and long-term amounts owed by subsidiaries. Such investments are valued at cost less any impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the investment is the higher of fair value less cost to disposal and value in use.

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; and (vi) recognises any surplus or deficit in profit and loss; (vii) reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

### 2.9 Non-controlling interests (NCI)

Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within the Consolidated Statement of Financial Position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

### 2.10 Revenue recognition

Revenue represents the sales value, net of value added tax (VAT) and equivalent taxes applied to the Group's sales. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates, commissions and taxes related with sales.

The core principle of revenue recognition is that the Group should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Accordingly, revenue is recognised when (or as) a performance obligation is satisfied, i.e., when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group recognises sales revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange for those goods or services.

Sales revenue is recognised on individual sales when control transfers to the customer. In most instances, control passes, and sales revenue is recognised when the product is delivered to the vessel or vehicle on which it will be transported once loaded, the destination port or the customer's premises. There may be circumstances when judgment is required based on the five indicators of control below.

- The customer has the significant risks and rewards of ownership and has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service.
- The customer has a present obligation to pay in accordance with the terms of the sales contract. For shipments under the Incoterms Cost, Insurance and Freight (CIF)/Carriage Paid to (CPT)/Cost and Freight (CFR) this is generally when the ship is loaded, at which time the obligation for payment is for both product and freight.
- The customer has accepted the asset. Sales revenue may be subject to adjustment if the product specification does not conform to the terms specified in the sales contract, but this does not impact the passing of control. Assay and specification adjustments have been immaterial historically.
- The customer has legal title to the asset. The Group usually retains legal title until payment is received for credit risk purposes only.
- The customer has physical possession of the asset. This indicator may be less important as the customer may obtain control of an asset prior to obtaining physical possession, which may be the case for goods in transit.

The Group sells some portion of its products on CFR or CIF Incoterms. This means that the Group is responsible (acts as principal) for providing shipping services and, in some instances, insurance after the date at which control of goods passes to the customer at the loading port. The Group therefore has separate performance obligations for freight and insurance services that are provided solely to facilitate sale of the commodities it produces. Other Incoterms commonly used by the Group are Free on Board (FOB), where the Group has no responsibility for freight or insurance once control of the goods has passed at the loading port, and Delivered at Place (DAP), where control of the goods passes when the product is delivered to the agreed destination. For these Incoterms there is only one performance obligation, being for provision of product at the point where control passes.

### 2.11 Leases

#### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the lessee under residual value guarantees.
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments for the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note 6 *Profit from operations*).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *The Group as lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

### *2.12 Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Financial investment revenues from the temporary investing of unused portion of investment loan are deducted against the borrowing costs eligible for capitalisation. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

### *2.13 Foreign currencies*

For the purpose of the consolidated financial statements, the results and financial position of each company in the group are expressed in US Dollars, which is the presentation currency for the consolidated financial statements.

The presentation currency of the Group is the US Dollar based on the assessment that the Group's revenue mix will be predominantly US Dollar denominated due to nature of the industry and US Dollar presentation will enhance comparability with industry peer group.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into USD using exchange rates prevailing at the end of each reporting 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 recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 4 Financial risk management); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### 2.14 Taxation

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

#### Current tax

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

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### *2.15 Property, plant and equipment*

Property, plant, and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties during construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes costs related to the acquisition of the mentioned asset (employee benefits, site preparation, delivery cost, instalment, and montage costs etc.) These assets are classified to the related type of property asset when the construction is completed, and the asset is ready for use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The maintenance expenses arising from changing any part of the tangible assets can be capitalised if the economic benefit of the asset is increased. All other expenses are recorded in the expense accounts in the income statement when they are realised.

Depreciation for tangible assets are calculated based on the following:

Land improvements	Straight line	2 - 18 years
Buildings	Straight line	10 - 30 years
Plant, machinery and equipment	Straight line	1 - 64 years
Other fixed assets	Straight line	1 - 15 years
Leasehold improvements	Straight line	1 - 8 years

### *2.16 Mining reserves*

Mining reserves includes trona reserves that can be economically and legally extracted and processed into soda ash or sodium bicarbonate at the time of their determination. Mining reserves are initially recognised at fair value.

Subsequently mining reserves are stated at initial value, less accumulated amortisation and accumulated impairment losses.

### *Amortisation of mining reserves*

The Group uses a methodology based on information that is dependent on a management estimation of units of production and total reserve volume by independent experts. Mining reserves are amortised according to units of production of trona extracted during the respective periods.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 2.17 Mining assets

The Group's Turkish operating subsidiaries produce soda ash/sodium bicarbonate after extracting trona using the solution mining method through usage of production wells. Mining assets comprise costs to construct production wells and other related costs incurred for wells to become operational.

Mining assets are stated at cost, less accumulated amortisation, and accumulated impairment losses.

Expenditure on the construction, installation or completion of infrastructure facilities is capitalised within mining properties, as long as the facts and circumstances indicate that the field has commercially viable reserves.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the asset retirement obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

### Amortisation of mining assets

In order to amortise mining assets, the Group uses a methodology based on information that is dependent on a management estimation. Mining assets are amortised according to units of production of trona extracted from wells to expected accessible mining reserves from those wells.

### 2.18 Intangible assets

#### Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### Internally generated intangible assets - software development costs

The Group capitalise certain internal use software development costs associated with creating and enhancing internally developed software. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial, and other resources to complete the development and to use or
- sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Useful lives of software development costs are between 5 to 10 years.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### *2.19 Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### *2.20 Share issue expenses, share premium account and restricted profit reserves*

Costs of share issues are written off against the premium arising on the issue of share capital.

### *2.21 Inventories*

Inventories of finished goods and materials are stated at lower of cost or the net realisable values. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with inventories being valued on the weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

### *2.22 Employee benefits*

#### *a) Retirement pay obligation:*

#### *Termination benefits for Turkish operations*

The Group's Turkish operations are required by Turkish law and union agreements, to ensure that lump sum payments are made to employees retiring or involuntarily leaving the Turkish subsidiaries. Such payments are considered as being part of employee benefits as per IAS 19 (Revised) - Employee Benefits.

The retirement pay provision recognised in the financial statements represents the present value of the retirement pay obligation. The actuarial gains and losses are recognised in other comprehensive income.

The cost of providing retirement pay is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Retirement pay obligation are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- net interest expense or income; and
- remeasurement.

Curtailment gains and losses are accounted for as past service costs.

### Post-retirement benefits for US operations

Most of the employees of Ciner Corp, including Ciner Wyoming, are eligible for post-retirement benefits other than pensions if they reach retirement age while still employed by Ciner Wyoming or Ciner Corp.

The benefits are accounted for on an accrual basis over an employee's period of service. The retiree benefit plan is not funded, and Ciner Enterprises Inc. has the right to modify or terminate the plan. Ciner Enterprises Inc. uses 31 December to determine post-retirement benefit measurements and future costs are present valued the respective reporting date.

#### *b) Defined benefit plans:*

##### Retirement and savings for US operations

Ciner Enterprises Inc. sponsors various defined benefit plans, being:

##### Retirement plans

Benefits provided under the Ciner Pension Plan for Salaried Employees and Ciner Pension Plan for Hourly Employees are based upon years of service and average compensation for the highest 60 consecutive months of the employee's last 120 months of service, as defined. Each plan covers substantially all full-time employees working at Ciner Wyoming and Ciner Corp hired before 1 May 2001. Ciner Enterprises Inc.'s funding policy is to contribute an amount within the range of the minimum required and the maximum tax-deductible contribution.

##### Savings plan

The Ciner 401(k) Retirement Plan covers all eligible salaried and hourly employees of Ciner Corp, including those in Ciner Wyoming. Eligibility is limited to all domestic residents and any foreign expatriates who are in the United States indefinitely. The plan permits employees to contribute specified percentages of their compensation, while Ciner Enterprises Inc. makes contributions based upon the specified percentages of employee contributions.

The Plan was amended such that participants hired on or subsequent to 1 May 2001, will receive an additional contribution from Ciner Enterprises Inc. based on a percentage of the participant's base pay.

#### *c) Short-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. See Note 27 *Employee benefits* for further details.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 2.23 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract was entered into and are subsequently re-measured at their fair value at the end of each reporting period, with changes in the fair value immediately recognised in the income or loss, unless the derivative is designed and effective as a hedging instrument.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract. Contracts are assessed for embedded derivatives when the Group becomes a party to them, including at the date of a business combination.

The Group may enter into derivative contracts from time to time to manage exposure to the risk of exchange rate changes on its foreign currency transactions, the risk of changes in natural gas prices, and the risk of the variability in interest rates on borrowings. Gains and losses on derivative contracts qualifying for hedge accounting are reported as a component of the underlying transactions. The Group follows hedge accounting for its hedging activities. All derivative instruments are recorded on the balance sheet at their fair values. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative designated as a fair value hedge, the gain or loss is recognized in profit or loss in the period of change together with the offsetting gain or loss on the hedged item attributed to the risk being hedged. For a derivative designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income / (loss) and subsequently reclassified into profit or loss when the hedged exposure affects profit or loss. Any significant ineffective portion of the gain or loss is reported in statements of profit or loss immediately. For derivatives not designated as hedges, the gain or loss is reported in profit or loss in the period of change. When the Group has natural gas physical forward contracts, they are accounted for under the normal purchases and normal sales scope exception.

### 2.24 Financial Instruments

#### Financial Assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Group measure trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient) at initial recognition.

At initial recognition, Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The Group reclassifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or FVTPL on the basis of both:

- the Group's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows 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.

Interest revenue of financial assets measured at amortised cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

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

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is 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.

A gain or loss 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 from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Group accounts for the cumulative gain or loss that was previously recognised in other comprehensive income in financial statements. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Financial assets measured at FVTPL

A financial asset shall be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income.

### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and other receivables that do not contain a significant financing component, which is referred as simplified approach.

The allowance for expected credit loss provision is immaterial.

### Financial liabilities

At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

- financial liabilities at FVTPL: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability.
- contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration is subsequently being measured at fair value with changes recognised in profit or loss.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

The Group does not reclassify any financial liability.

### Recognition and derecognition of financial assets and liabilities

The Group recognises a financial asset or a financial liability in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

The Group derecognises a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset, and the transfer qualifies for derecognition.

If a transfer of financial asset does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group will continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability.

The Group derecognizes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e., when the obligation specified in the contract is discharged or cancelled or expires.

### 2.25 Government Grants and Incentives

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

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

### 2.26 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

### 2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, being the geographical locations where the Group operates. The chief operating decision-makers have been identified as the Board of Directors.

### 2.28 Provisions, Contingent Liabilities, Contingent Assets

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *Contingent liabilities acquired in a business combination*

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with the principles of IFRS 15.

### *Environmental liabilities - mine closure provision*

The Group is subject to environmental controls and regulations in Turkey and in the USA. The Group's operations may lead as a result of the discharge of materials and contaminants into the environment, to a disturbance of land and thereby create a negative impact on the flora and fauna.

However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those environmental laws and regulations may change. Such change, if it occurs, may require that the Group modernize technology to meet standards that are more stringent. Within the scope of various laws, mining licenses and use of mineral rights agreements, the Group decommissions mine facilities on cessation of its mining operations and restores the environment.

The Group's Management believes that its environmental obligations mainly include the following:

- rehabilitation of land and other types of on-going rehabilitation,
- decommissioning of mining assets and bringing mine sites into a condition that ensures the safety of population, protection of environment, building and facilities.

The Group's obligations associated with the retirement of a tangible long-lived asset are recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for its land reclamation obligations, the Group increases the carrying amount of the related long-lived asset by the same amount. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

### *2.29 Critical accounting judgements and key source of estimation uncertainty*

In the process of applying the Group's accounting policies described above, the Management has made judgements and estimates that may have a significant effect on the amounts recognised in the financial statements.

#### *Critical judgements in applying accounting policies*

##### *License – judgement in continuation of operations beyond license and lease terms*

Eti Soda is granted the right to mine for trona in the Beypazarı District by way of an agreement between Eti Soda and its minority shareholder Eti Maden, who owns the license to extract trona mine in the Beypazarı District. The existing agreement between Eti Soda and Eti Maden allows for Eti Soda to mine for trona for 24 years, between the years 2001 to 2025. It is Management's judgement that the agreement would be extended beyond 2025 and therefore Management have elected to amortise/depreciate assets over the expected life of the mine rather than the term of the licence.

Kazan Soda has a mining license for Kazan District which enables mining activities in the region. The license period expires in 2043 and it is the Management's judgement that licence will be renewed until current known trona reserves are depleted.

Ciner Wyoming has several mining leases and one license. Mining leases expire in the range of 2020 - 2028 and licence expires by 2061. License, which will expire in 2061, will renew so long as the subsidiary continuously conducts operations to mine and remove sodium minerals from the licensed premises in commercial quantities. Leases, which will expire in 2020 - 2028, will renew so long as the subsidiary files an application for renewal with the Department of the Interior, Bureau of Land Management, within 90 days of expiration of the leases.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *Key sources of estimation uncertainty*

#### *Carry value of property plant and equipment – estimate on useful lives*

Management is required to review and potentially test property, plant and equipment for impairment by calculating the higher of an asset's fair value less costs of disposal or value in use and comparing that value to the net book amount of the asset being carried in the statement of financial position. Estimation is required in considering the useful lives of particular assets, which is reviewed periodically. The carrying amount of property, plant and equipment as at 31 December 2020 was USD1,051 million (2019: USD1,280 million).

#### *Amortisation of mining assets – estimate on basis for amortisation*

As discussed in Note 2.17 *Mining assets*, management is required to use a methodology based on information that is dependent on management's estimation i.e. estimation of mining reserves where the mining assets are deployed. See Note 2.17 *Mining assets* for further details and below for estimation of mining reserves. The carrying amount of mining assets as at 31 December 2020 is USD 144.0 million (2019: USD192.7 million).

#### *Mining reserves – estimation of mining reserves*

Mining reserves estimates are estimates of the amount of trona that can be economically and legally extracted from the Group's mining properties. Such reserves estimates and changes to these may affect the Group's reported financial position and results, in the following way:

- The carrying value of property, plant and equipment, mining reserves, mining assets and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the unit of production method, or where the useful life of the related assets change.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.
- The timing of the closure of the mines and calculation and discounting of asset retirement obligations.

The Group estimates its mining reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the trona and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the trona.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of mining reserves may change.

The carrying amount of mining reserves as at 31 December 2020 is USD2,038.4 million (2019: USD2,408.7 million).

#### *Recoverability of deferred tax assets*

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered (Note 13).

#### *Annual impairment review (Note 20)*

The Group's non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In making assessments for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit ("CGU"). An impairment loss is

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Goodwill is subject to impairment test every year. The recoverable amount of those assets, or CGU, is measured at the higher of their fair value less costs of disposal and value in use. Our assessment is that no reasonably possible change in assumptions that would result in the carrying amount exceeding the recoverable amount, for either the Group's non-current assets or goodwill.

Indicative impairment models are prepared based on life of mine models, for which the most significant is the estimate of mining reserves. This has been included in the section above within note 2.29.

### *Close-down, restoration and environmental obligations (Note 28)*

Provision is made for close-down, restoration and environmental costs when the obligation occurs, based on the net present value of estimated future costs required to satisfy the obligation. The Management uses its judgment and experience to determine the potential scope of closure rehabilitation work required to meet the Group's legal, statutory and constructive obligations, and any other commitments made to stakeholders, and the options and techniques available to meet those obligations and estimate the associated costs and the likely timing of those costs.

Significant judgment is also required to determine both the costs associated with that work and the other assumptions used to calculate the provision. External experts support the cost estimation process where appropriate but there remains significant estimation uncertainty. The key judgment in applying this accounting policy is determining when an estimate is sufficiently reliable to make or adjust a closure provision.

### *Identification of functional currencies*

The functional currency for each subsidiary is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment and other companies may make different judgments based on similar facts. For many of the Group's businesses, their functional currency is the currency of the country in which they operate. The Group reconsiders the functional currency of its businesses if there is a change in the underlying transactions, events or conditions which determine their primary economic environment. The determination of functional currency is a key judgment which affects the measurement of non-current assets included in the balance sheet and, as a consequence, the depreciation and amortisation of those assets included in the statement of profit or loss. It also impacts exchange gains and losses included in the statement of profit or loss and in equity.

### *Estimation of obligations for post-employment costs*

The value of the Group's obligations for post-employment benefits is dependent on the amount of benefits that are expected to be paid out, discounted to the balance sheet date. The discount rate is a key assumption and is based upon the yields on high quality corporate bonds in the relevant currency which have durations consistent with the term of the obligations. The discount rate will vary from one period to another in line with movements in corporate bond yields, but at any given measurement date there is relatively little estimation uncertainty. This rate is also used to calculate the interest cost on obligations and interest income on plan assets.

The following key assumptions are used to calculate the estimated benefit: future pay increases to be received by members of final pay plans, the level of inflation (for those benefits that are subject to some form of inflation protection), current mortality rates and future improvements in mortality rates. The assumption regarding future inflation is based on market yields on inflation linked instruments, where possible, combined with consensus views. The Group reviews the actual mortality rates of retirees in its major pension plans on a regular basis and uses these rates to set its current mortality assumptions. It also uses its judgment with respect to allowances for future improvements in longevity having regard to standard improvement scales in each relevant country and after taking external actuarial advice.

Details of the key assumptions, how they have moved since the previous balance sheet date and the sensitivity of the carrying value to changes in the assumptions are set out in Note 27.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 2.30 Capital management

The Group determine the appropriate capital structure of the Group specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's business strategy. See Note 4 Financial risk management, section Capital risk management for further details on how the Group manages its capital related risks.

### 2.31 Restatement of prior period financial statements

#### Recognition of long-term maintenance agreement

The Group has re-evaluated accrual basis recognition of assets for parts within the scope of the long-term maintenance contract for the natural gas fuel cogeneration plant, which covers a period of more than 10 years, and in this context, property, plant and equipment amounting to USD24.8 million, prepaid expenses amounting to USD5.3 million and trade payables amounting to USD30.1 million were decreased by netting off each other.

This contract was signed during 2019, and therefore there was no impact at the beginning of the earliest period presented (as at 1 January 2019).

The effect of the change on the financial statements is as follows:

For the year ended 31 December 2019			
	As previously reported	Revisions	Restated
	\$'000	\$'000	\$'000
<b>Statement of financial position</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,304,418	(24,782)	1,279,636
<b>Current assets</b>			
Prepaid expenses	10,558	(5,318)	5,240
<b>Current liabilities</b>			
Trade payables	(196,715)	30,100	(166,615)
<b>Consolidation statement of cash flows</b>			
Increase in inventories <sup>1</sup>	(15,434)	(4,767)	(20,201)
Increase/Decrease in trade and other receivables <sup>1</sup>	(94,700)	10,337	(84,363)
Increase/Decrease in trade and other payables	394	(31,527)	(31,133)
<b>Net cash generated from operating activities</b>	<b>(109,740)</b>	<b>(25,957)</b>	<b>(135,697)</b>
Purchase of property, plant and equipment	(166,113)	25,957	(140,156)
<b>Net cash used in from investing activities</b>	<b>(166,113)</b>	<b>25,957</b>	<b>(140,156)</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### *Reclassification of non-current inventories*

In the current year, the Group has decided to present separately its “Long term stores inventories”, which were presented in “Other non-current assets”, as “Non-current inventories”, has made the following reclassifications: The effect of the change on the financial statements is as follows:

For the year ended 31 December 2019			
	As previously reported	Revisions	Restated
	\$'000	\$'000	\$'000
<b>Statement of financial position</b>			
<b>Non-current assets</b>			
Inventories	-	27,251	27,251
Other non-current assets	28,498	(27,251)	1,247

### **Consolidation statement of cash flows<sup>1</sup>**

Note 1 – Please refer to above schedule for the reclassifications made to statement of cash flows.

As at 1 January 2019			
	As previously reported	Revisions	Restated
	\$'000	\$'000	\$'000
<b>Statement of financial position</b>			
<b>Non-current assets</b>			
Inventories	-	24,447	24,447
Other non-current assets	25,311	(24,447)	864

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 3. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (CODM). The Group considers that WE Soda's Board of Director is the CODM, which is responsible for allocating resources and assessing performance of the operating segments.

The Group's reportable segments are Eti Soda, Kazan Soda, USA and UK (Corporate). The Group considers a combination of factors to determine their reportable segments, such as products and services and geographical areas. As the consequence of completion of the ramp up period of Kazan Soda, the Management decided to divide its former operating segment Turkey into separate operating segments Eti Soda and Kazan Soda as of 31 December 2020. The comparative segment information has been restated to reflect the current structure. We continue to present our geographical information as Turkey (Eti Soda and Kazan Soda), USA and UK (Corporate). Information regarding the Group's operating segments is reported below.

#### Segment revenues and results

The following is an analysis of the Group's revenue, results, assets liabilities by reportable segment (as reviewed by the Board of Directors):

2020	Turkey		USA	Corporate	Total
	Eti Soda	Kazan Soda			
Domestic sales	87,056	101,989	208,838	-	397,883
Export sales	237,999	378,538	183,393	-	799,930
<b>Segment revenue and other income</b>	<b>325,055</b>	<b>480,527</b>	<b>392,231</b>	<b>-</b>	<b>1,197,813</b>
Finance income	25,826	820	111	14,681	41,438
Finance expense	(16,665)	(212,384)	(15,303)	(101,718)	(346,070)
Profit/(loss) before taxation	165,265	(64,369)	(31,747)	(101,510)	(32,361)
Taxation	(22,907)	224,532	6,646	(11,265)	197,006
<b>(Loss)/profit for the year</b>	<b>142,358</b>	<b>160,163</b>	<b>(25,101)</b>	<b>(112,775)</b>	<b>164,645</b>
Current assets	68,603	115,626	129,576	263,992	577,797
Non-current assets	1,015,170	1,637,630	1,206,892	471,635	4,331,327
Total liabilities	440,651	933,287	476,158	1,404,031	3,254,127
Capital expenditure	10,507	21,108	37,720	354	69,689
Depreciation, depletion and amortisation	53,784	46,539	78,473	386	179,182

2019	Turkey		USA	Corporate	Total
	Eti Soda	Kazan Soda			
Domestic sales	93,971	100,665	206,971	-	401,607
Export sales	261,672	410,271	315,848	-	987,791
<b>Segment revenue and other income</b>	<b>355,643</b>	<b>510,936</b>	<b>522,819</b>	<b>-</b>	<b>1,389,398</b>
Finance income	21,674	421	16	13,565	35,676
Finance expense	(4,587)	(166,772)	(23,029)	(36,703)	(231,091)
Profit/(loss) before taxation	159,012	(28,491)	31,020	(28,587)	132,954
Taxation	(13,684)	67,147	1,199	(2,798)	51,864
<b>(Loss)/profit for the year</b>	<b>145,328</b>	<b>38,656</b>	<b>32,219</b>	<b>(31,385)</b>	<b>184,818</b>
Current assets	156,658	152,661	146,022	21,341	476,682
Non-current assets	81,727	2,954,769	1,286,048	429,440	4,751,984
Total liabilities	394,235	1,056,540	535,191	1,327,294	3,313,260
Capital expenditure	17,061	54,905	86,357	39	158,362
Depreciation, depletion and amortisation	71,939	56,297	79,167	306	207,709

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

The accounting policies used for the reportable segments are the same as the Group's accounting policies.

The Group currently operates in Turkey and the USA in addition to its corporate activities in the UK and immediate parent in Turkey. The operations of the Group comprise one class of business, being the extraction of trona and production of soda ash and sodium bicarbonate.

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Directors monitor the tangible, intangible and financial assets attributable to each segment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: USD nil). Substantially all of the tax charge in 2020 arises in United Kingdom and Turkey.

### Information about major customers

There were only two customers, Ciner İç ve Dış Ticaret A.Ş. and American Natural Soda Ash Corp., that contributed to 10% or more of the Group total sales revenue for 2020, being USD685.9 million (2019: USD731.9 million) and USD177.9 million (2019: USD315.8 million) to total sales for the year respectively. See Note 32 – *Related party transactions*.

## 4. Financial risk management

The primary financial instruments of the Group consist of bank loans, cash and short-term time deposits. The main objective of the mentioned financial instruments is to finance the Group's operational activities. The Group has other financial instruments such as trade receivables and trade payables arising from direct business operations.

### a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings and leases disclosed in Note 24 *Borrowings* and Note 36 *Lease Liabilities*, cash and cash equivalents and working capital.

The Group's capital management is subject to covenant requirements set out by loan facility entered into on 1 August 2018, see Note 24 *Borrowings* and Note 37 *Post balance sheet events* for further details.

The Group controls its capital using net debt/total capital ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents and restricted cash. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position plus net debt.

	2020	2019
Borrowings (see Note 24)	2,531,874	2,506,686
Lease Liabilities (see Note 36 and Note 2.4 for IFRS 16 transition)	38,287	46,460
Total financial liabilities	2,570,161	2,553,146
Less: Cash and cash equivalents (see Note 22)	(21,850)	(107,738)
Less: Restricted cash (see Note 21)	(15,565)	(70,477)
Net debt	2,532,746	2,374,931
Total equity	1,654,997	1,915,406
<b>Total capital</b>	<b>4,187,743</b>	<b>4,290,337</b>
<b>Net debt ratio</b>	<b>60%</b>	<b>55%</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimise the effects of uncertainty in financial market on financial performance of the Group.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Sales to related parties was 74% of total sales due to using an export intermediary company which is a related party. Trade receivables from related parties constitute 69% of total trade receivables.

The Group assesses the credit quality of the customers, including related parties, by assessing the financial position of the customers, past experiences and other factors as a part of its credit risk management program. Historically, the Group has not been faced with any significant problem related to collections of receivables. However, due to lack of collateral for its receivables the Group is exposed to credit risk.

The Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The Group does not have any overdue trade receivables at the reporting date.

The maximum exposure to credit risk as at the reporting date is:

As at 31 December 2020	Trade receivables		Other receivables		Bank deposit
	Related party <sup>1</sup>	Third party <sup>1</sup>	Related party <sup>1</sup>	Third party <sup>1</sup>	
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	<b>151,332</b>	<b>67,645</b>	<b>768,777</b>	<b>4,828</b>	<b>21,836</b>
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>A. Net book value of financial assets that are neither past due nor impaired</b>	<b>151,332</b>	<b>63,295</b>	<b>768,777</b>	<b>4,828</b>	<b>21,836</b>
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
B. Net book value of financial assets whose terms are renegotiated, otherwise overdue or impaired	-	-	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>C. Net book value of assets that are due but not impaired</b>	-	<b>4,350</b>	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>D. Net book value of impaired asset</b>	-	-	-	-	-
Overdue (gross book value)	-	965	-	-	-
Impairment (-)	-	(965)	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>E. Off-balance sheet items bearing credit risk</b>	-	-	-	-	-

Note 1 - Management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

As at 31 December 2019	Trade receivables		Other receivables		Bank deposit
	Related party <sup>1</sup>	Third party <sup>1</sup>	Related party <sup>1</sup>	Third party <sup>1</sup>	
<b>Maximum net credit risk as of balance sheet date (A+B+C+D+E)</b>	<b>153,222</b>	<b>72,061</b>	<b>481,293</b>	<b>4,671</b>	<b>107,733</b>
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	1,569	-	-	-
<b>A. Net book value of financial assets that are neither past due nor impaired</b>	<b>150,191</b>	<b>64,149</b>	<b>481,293</b>	<b>4,671</b>	<b>107,733</b>
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	1,569	-	-	-
<b>B. Net book value of financial assets whose terms are renegotiated, otherwise overdue or impaired</b>	-	-	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>C. Net book value of assets that are due but not impaired</b>	<b>3,031</b>	<b>7,912</b>	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>D. Net book value of impaired asset</b>	-	-	-	-	-
Overdue (gross book value)	-	59	-	-	-
Impairment (-)	-	(59)	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
<i>The part of maximum risk under guarantee with collateral etc.</i>	-	-	-	-	-
<b>E. Off-balance sheet items bearing credit risk</b>	-	-	-	-	-

Note 1 - The Management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The Group has not secured (2019: USD1.5 million) its exposure to credit risk with the guarantee letters received from its customers. The Directors believe that the total trade receivable and other receivables are recoverable.

The Group is exposed to credit risk in relation to its loan receivable from related parties of USD768.7 million (2019: USD481.2 million) (see Note 32 *Related party transactions*) to the extent that the related parties fail to meet their contractual obligations.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due. Ultimate responsibility for liquidity risk management rests with the Directors, which has built an appropriate liquidity risk management framework or the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables present the contractual maturities of financial liabilities, including estimated interest payments. The tables have been drawn up based on the undiscounted cash flows of derivative and non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 31 December 2020	Carrying value	Contractual cash flows	Less than 1 year	1-5 years	5+ Years
Borrowings	2,482,001	2,827,902	449,487	2,200,102	178,313
Lease liabilities	38,287	41,146	16,822	23,846	478
Trade payables	123,466	123,466	90,709	32,757	-
Trade payables to related parties	64,395	64,395	39,466	24,929	-
Other payables	5,853	5,853	5,853	-	-
Other payables to related parties	46,691	46,770	46,466	304	-
Derivative financial instrument	2,163	2,163	2,163	-	-
<b>Total liabilities</b>	<b>2,762,856</b>	<b>3,111,695</b>	<b>650,966</b>	<b>2,281,938</b>	<b>178,791</b>



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

As at 31 December 2019	Carrying value	Contractual cash flows	Less than 1 year	1-5 years	5+ Years
Borrowings	2,444,951	2,934,968	446,691	2,169,931	318,346
Lease liabilities	46,460	48,557	17,834	28,602	2,121
Trade payables	142,864	143,660	110,770	32,890	-
Trade payables to related parties	56,641	56,641	56,641	-	-
Other payables	3,474	3,474	3,474	-	-
Other payables to related parties	43,449	58,900	49,661	9,239	-
Derivative financial instrument	6,171	6,171	6,171	-	-
<b>Total liabilities</b>	<b>2,744,010</b>	<b>3,252,371</b>	<b>691,242</b>	<b>2,240,662</b>	<b>320,467</b>

As at 31 December 2020 there was a default relating to a loan facility which has since been resolved, and current projections indicate that the Group remains cash flow positive and compliant with all covenants (See Note 2.2 Basis of preparation – Going concern for full disclosure). The maturity schedule above presents cash outflows based on the latest amendments to contractual cash flows and waiver letters obtained. In this respect, it is not expected that the cash flows included in the maturity schedule could occur significantly earlier, or at significantly different amounts.

### Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity prices, interest rates and foreign currency exchange rates.

#### (i) Commodity price risk

Soda ash is a globally traded commodity with many manufacturers and consumers worldwide. It is an essential raw material in many industries, especially in the glass industry. Soda ash can be produced by natural or synthetic methods (Solvay and Hou methods). Around the world soda ash market prices are determined by reference to the production costs of synthetic producers.

Commodity price risk arises from the effect of fluctuations in future commodity prices on the price received for the sale of soda ash. The marketability and price of soda ash produced by the Group will be affected by many factors that are beyond the control of the Group.

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The Group borrows fund at both fixed and variable interest rates, so the Group is exposed to interest rate risk. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed/floating interest and short-long term nature of borrowings as well as using derivative instruments where necessary for hedging purposes.

Interest rates of financial assets and liabilities are indicated in related notes.

#### Interest rate sensitivity:

If interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's profit before taxes and equity of the Group would increase/decrease by USD1,255,000 (2019: (USD1,253,000)). 5 basis points represents management's assessment of the possible change in interest rates that could apply to the Group.

#### (iii) Foreign exchange risk

The Group consists of three principle operating entities: Ciner Wyoming LLC (USD functional currency), Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş. (Turkish Lira functional currency) and Kazan Soda Elektrik Üretim A.Ş. (Turkish Lira functional currency). As such, the Group is principally exposed to risks resulting from fluctuations in foreign currency exchange rate to USD (the Group's presentational currency) and EUR (due to EUR denominated borrowings).

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

The carrying amounts of the Group's significant foreign currency denominated monetary assets and liabilities at the reporting dates are as follows:

In USD equivalent as at 31 December 2020	Total	USD	EUR	GBP	CNY
Trade receivables	100,151	72,194	27,954	3	-
Cash and cash equivalents	15,223	14,310	863	36	14
Other receivables and assets	675,972	167,853	506,638	1,481	-
Trade payables	(55,588)	(47,263)	(8,325)	-	-
Borrowings	(2,015,312)	(715,442)	(1,299,870)	-	-
Lease liabilities	(12,093)	(2,323)	(9,042)	(728)	-
Other payables and liabilities	(51,143)	(8,555)	(42,251)	(337)	-
<b>Net exposure</b>	<b>(1,342,790)</b>	<b>(519,226)</b>	<b>(824,033)</b>	<b>455</b>	<b>14</b>

In USD equivalent as at 31 December 2019	Total	USD	EUR	GBP	CNY
Trade receivables	98,051	81,202	16,849	-	-
Cash and cash equivalents	4,986	61	4,845	64	16
Other receivables and assets	438,097	54,641	383,281	175	-
Trade payables	(68,411)	(63,430)	(4,096)	(885)	-
Borrowings	(2,024,333)	(800,560)	(1,223,773)	-	-
Lease liabilities	(17,143)	(4,920)	(11,178)	(1,045)	-
Other payables and liabilities	(26,126)	(12,105)	(12,483)	(1,538)	-
<b>Net exposure</b>	<b>(1,594,879)</b>	<b>(745,111)</b>	<b>(846,555)</b>	<b>(3,229)</b>	<b>16</b>

### Foreign exchange sensitivity:

The following table details the Group's sensitivity to a 10% movement against the respective foreign currencies, which represents the Management's assessment of a reasonably likely change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

Effect to profit or (loss) before tax in USD'000	2020	2019
USD	(51,923)	(82,637)
EUR	(82,403)	(76,530)
GBP	46	(323)
CNY	1	2
<b>Total</b>	<b>(134,279)</b>	<b>(159,488)</b>

A 10% strengthening of the currencies above at 31 December 2020 would have had an equal but opposite effect on the amounts shown above, assuming all other variables remained constant.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### c) Fair value categories

Fair values and categories of financial instruments:

As at 31 December 2020	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial assets that are measured at fair value through profit and loss	Financial liabilities that are measured at fair value through profit and loss	Carrying value
<b>Financial assets</b>					
Cash and cash equivalents	-	21,850	-	-	21,850
Other current assets	-	15,565	-	-	15,565
Trade receivables	-	67,645	-	-	67,645
Trade receivables from related parties	-	151,332	-	-	151,332
Other receivables	-	4,828	-	-	4,828
Other receivables from related parties	-	768,777	-	-	768,777
Derivative financial instruments	-	-	1,360	-	1,360
	-	<b>1,029,997</b>	<b>1,360</b>	-	<b>1,031,357</b>
<b>Financial liabilities</b>					
Borrowings	2,482,001	-	-	-	2,482,001
Lease Liabilities	38,287	-	-	-	38,287
Trade payables	123,466	-	-	-	123,466
Trade payables to related parties	64,395	-	-	-	64,395
Other payables to related parties	46,691	-	-	-	46,691
Other payables	5,853	-	-	-	5,853
Derivative financial instruments	-	-	-	2,163	2,163
	<b>2,760,693</b>	-	-	<b>2,163</b>	<b>2,762,856</b>

As at 31 December 2019	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial assets that are measured at fair value through profit and loss	Financial liabilities that are measured at fair value through profit and loss	Carrying value
<b>Financial assets</b>					
Cash and cash equivalents	-	107,738	-	-	107,738
Other current assets	-	70,477	-	-	70,477
Trade receivables	-	72,061	-	-	72,061
Trade receivables from related parties	-	153,222	-	-	153,222
Other receivables	-	4,671	-	-	4,671
Other receivables from related parties	-	481,293	-	-	481,293
Derivative financial instruments	-	-	136	-	136
	-	<b>889,462</b>	<b>136</b>	-	<b>889,598</b>
<b>Financial liabilities</b>					
Borrowings	2,444,951	-	-	-	2,444,951
Lease Liabilities	46,460	-	-	-	46,460
Trade payables	142,864	-	-	-	142,864
Trade payables to related parties	56,641	-	-	-	56,641
Other payables to related parties	43,449	-	-	-	43,449
Other payables	2,317	-	-	1,157	3,474
Derivative financial instruments	-	-	-	6,171	6,171
	<b>2,766,782</b>	-	-	<b>7,328</b>	<b>2,774,010</b>

### Fair value of financial instruments

#### Fair value of financial instruments carried at amortised cost

The Management consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Valuation techniques and assumptions applied for the purposes of measuring fair value

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

### Fair value by hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's fair value financial assets and liabilities are deemed to be Level 2. There were no transfers between Level 1 and 2 during the year.

## 5. Employee number and costs

The average monthly number of employees including the Directors employed was as follows:

	2020	2019
	Number	Number
Professional	1,158	1,177
Administration/operational	545	542
<b>Total average number of employees</b>	<b>1,703</b>	<b>1,719</b>

The aggregate remuneration was as follows:

	2020	2019
Wages and salaries	86,935	86,556
Social security costs	14,091	13,750
Other pension costs	7,196	6,527
<b>Total aggregate remuneration</b>	<b>108,222</b>	<b>106,833</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 6. Profit from operations

Profit from operations is stated after charging:

	2020	2019
Depreciation and amortization	179,182	207,709
Losses on disposals of fixed assets	885	3,700
Movement in finished goods inventories	5,250	(11,265)
Lease payments	12,515	14,590
Exchange difference	(11,376)	12,174

### Auditors' remuneration

In respect of the Group's audit, the following costs of the Company's Auditors, PricewaterhouseCoopers LLP and Deloitte LLP, have been allocated to the Group:

	2020		2019
	(Pricewaterhouse Coopers LLP)	(Deloitte LLP)	(Deloitte LLP)
Fees payable to the Company's Auditors for the audit of the Company's annual accounts	310	202	234
Fees payable to the Company's Auditor for the for other services:			
- The audit of the Company's subsidiaries pursuant to legislation	81	1,074	1,643
<b>Total audit fees</b>	<b>391</b>	<b>1,276</b>	<b>1,877</b>
- Tax advisory services	-	758	645
- Tax compliance services	-	-	65
<b>Total non-audit fees</b>	<b>-</b>	<b>758</b>	<b>710</b>

### 7. Revenue

Revenue, excluding interest revenue, comprises:

	2020	2019
Domestic sales	397,883	401,607
Export sales	799,930	987,791
<b>Segment revenue</b>	<b>1,197,813</b>	<b>1,389,398</b>

The Group recognised net sales amounting to USD1,197.8 million (2019: USD1,389.4 million) with respect to the performance obligations satisfied at a point in time for the year ended December 31, 2020. Segment information is disclosed in Note 3 *Segmental analysis*. Revenue and other income for 2020 consists of USD1,141.7 million (2019: USD1,329.3 million) soda ash/sodium bicarbonate sales, USD55.7 million (2019: USD58.5 million) electricity sales and USD0.4 million (2019: USD1.6 million) other income.

### 8. Cost of sales

Cost of sales comprises:

	2020	2019
Raw material costs	193,575	223,143
Personnel expenses	85,381	87,515
Production overheads	195,667	249,954
Transportation expenses	171,200	203,476
Export expenses	36,180	34,027
Depreciation and amortisation expenses	177,303	206,445
Change in finished goods inventories	5,250	(11,265)
	<b>864,556</b>	<b>993,295</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 9. Administrative expenses

Administrative expenses comprise:

	2020	2019
Consultancy expenses	14,975	10,951
Personnel expenses	20,050	16,921
Transportation expenses	255	388
Outsourced benefits and services	8,070	6,762
Donations	693	455
Travel expenses	993	2,234
Rent expenses	781	1,193
Depreciation and amortisation expenses	1,802	1,167
Office expenses	2,628	462
Software maintenance expenses	1,170	1,283
Memberships and subscriptions expenses	368	375
Recruiting expenses	253	160
Export expenses	1,362	3,508
Other expenses	4,578	4,702
	<b>57,978</b>	<b>50,561</b>

### 10. Marketing expenses

Marketing expenses comprise:

	2020	2019
Personnel expenses	2,791	2,397
Transportation expenses	45	232
Amortisation and depreciation expenses	77	97
Outsourced services and benefits	148	278
Rent expenses	395	88
Other sales and marketing expenses	1,472	848
	<b>4,928</b>	<b>3,940</b>

### 11. Other operating income and expenses

Other income from operating activities comprises:

Other income from operating activities	2020	2019
Foreign exchange gain	62,612	17,022
Interest income	855	1,129
Discount interest income	466	769
Service income	-	6,678
Other income	1,482	2,241
	<b>65,415</b>	<b>27,839</b>

Other expenses from operating activities comprises:

Other expense from operating activities	2020	2019
Foreign exchange losses	51,236	29,196
Interest expense	5,175	3,123
Discount interest expense	216	644
Pension/OPEB interest expense	2,153	3,221
Provision for legal claims	2,000	-
Other expenses	1,967	1,234
	<b>62,747</b>	<b>37,418</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 12. Finance income and finance expense

Finance income comprises:

	2020	2019
Interest income	40,859	35,676
Other financial income	579	-
	<b>41,438</b>	<b>35,676</b>

Finance expense comprises:

	2020	2019
Interest expense related to financial activities	(113,384)	(139,823)
Foreign exchange losses, net	(192,033)	(62,294)
Interest expenses related to the lease obligation	(1,974)	(1,937)
Commission expense	(26,597)	(12,987)
Interest expense related to funding activities with related parties, net	(5,460)	(1,149)
Other financial expenses	(6,622)	(12,901)
	<b>(346,070)</b>	<b>(231,091)</b>

### 13. Taxation

#### Current and deferred tax

Taxation credit comprises:

	2020	2019
<b>Tax credit:</b>		
Income tax credit/(charge) - UK entities	1,210	(1,157)
Income tax charge - foreign entities	(34,500)	(17,442)
Deferred tax credit	230,296	70,463
<b>Total tax credit</b>	<b>197,006</b>	<b>51,864</b>

For the financial year ended 31 December 2020, the Group's operations in Turkey are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years' losses, if any, and investment incentives utilised, if preferred). The effective Turkish tax rate in 2020 is 22% (2019: 22%) for the Turkish subsidiaries.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Reconciliation of total tax credit to (loss)/profit before taxation

The Group is domiciled in the United Kingdom, but its operations are primarily in Turkey and US.

Effective corporate tax rate in 2020 is 22% (2019: 22%) for Turkey, 21% (2019: 21%) for US and 19% (2019: 19%) for United Kingdom respectively. The provision for income taxes is different from the expected provision for income taxes for the following reasons:

	2020	2019
<b>Loss/(profit)before tax</b>	(32,361)	132,954
Applicable rate of tax	19.00%	19.00%
<b>Tax at applicable rate</b>	<b>6,149</b>	<b>(25,261)</b>
Tax effect of:		
Disallowable expenses	(2,655)	(7,995)
Other tax incentives (patent) <sup>1</sup>	13,610	15,078
Investment incentives	213,800	69,866
Effect of tax rates in different jurisdictions	(4,353)	(5,913)
Non-controlling interest	(1,859)	5,063
Carry forward tax losses not recognised as deferred tax asset	(19,700)	-
Corporate interest restriction in UK	(10,270)	-
Loss on translation	1,350	1,886
Other	934	(860)
<b>Total tax credit</b>	<b>197,006</b>	<b>51,864</b>

Note 1 - The Company has obtained a patent document which has been examined by the Turkish Patent Institute for the invention entitled "Production of heavy soda from bicarbonate containing solutions, sodium bicarbonate, light soda and sodium silicate" as of 11 November 2004, and the 20 years protection period for the patent is granted by TPI. Within the scope of the patent document examined during the protection period and in the scope of the "Exception in Industrial Property Rights" provisions of article 5/B of the Taxation Law No.5520, the exemption income amount for the year 2019 has been determined. For the 2020 accounting period the amount of corporation tax exemption that is benefited is USD61.9 million (2019: USD68.5 million).

### Investment incentives -investment discount application

Under Turkish local legislations, the Group subsidiaries, Eti Soda and Kazan Soda come under the ruling of the Council of Ministers on Government Grants with respect of its status in obtaining central Turkish government investment incentive grant.

The decision of the Council of Ministers on Government Grants and Incentives no 2012/3305 regulating investment incentives became effective after being published in the Official Gazette on 19 June 2012. Within the scope of that decision, Eti Soda has received an Investment Incentive Certificate numbered A129108 which is located at Region 1 and has a contribution rate of 40% for their investments. As of the reporting date, within the scope of this certificate, Eti Soda recognised USD1.4 million (2019: USD3.8 million) deferred tax asset to reduce corporate tax.

The decision of the Council of Ministers on Government Grants and Incentives regulating investment incentives became effective after being published in the Official Gazette on 19 June 2012. Within the scope of that decision, Kazan Soda has received an Investment Incentive Certificate numbered E109393 and I109393 which has located at Region 1 and has a contribution rate of 50% for Kazan Soda's investments. As of the reporting date, within the scope of the certificate, Kazan Soda recognised USD479.7 million (2019: USD335.3 million only for certificate numbered E109393) deferred tax asset to reduce corporate tax.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Deferred tax

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRSs purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRSs and tax purposes and they are given below.

Deferred tax assets / (liabilities) comprises:

	2020	2019
Deferred tax assets	437,419	264,604
Deferred tax liabilities	(276,064)	(346,890)
<b>Net deferred tax asset/(liabilities)</b>	<b>161,355</b>	<b>(82,286)</b>

This may be analysed as follows:

	2020	2019
Differences on carrying values of PP&E, mining assets and reserves	(348,894)	(418,689)
Retirement pay provision	403	342
Unused annual leave	180	199
Previous year losses to be deducted from tax	101,541	89,123
Discount on trade receivables	84	97
Discount on trade payables	(384)	(290)
Investment incentives	388,281	221,335
Revenue recognition according to IFRS 15	1,735	1,709
Pension and post-retirement benefits	11,497	12,052
Tax on goodwill	2,995	3,308
Other	3,917	8,528
<b>Closing balance at 31 December</b>	<b>161,355</b>	<b>(82,286)</b>

Movement of deferred tax (liabilities)/assets for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
<b>At 1 January</b>	<b>(82,286)</b>	<b>(169,404)</b>
Credited to statement of profit or loss for the financial year	230,296	70,463
Credited to other comprehensive income or loss	434	705
Presentation currency translation effect	12,911	15,950
<b>Closing balance at 31 December</b>	<b>161,355</b>	<b>(82,286)</b>

At 31 December 2020, the Group has unused tax losses USD500.4 million (2019: USD441.4 million) available for offset against future profits and USD101.5 million (2019: USD89.1 million) deferred tax asset has been recognised in respect of these losses.

Expiration schedule of carry forward tax losses is as follows:

	2020	2019
Will be expired in 2020	-	99
Will be expired in 2021	-	75
Will be expired in 2022	56,928	70,348
Will be expired in 2023	148,925	184,031
Will be expired in 2024	79,702	98,491
Will be expired in 2025	68,546	-
Will be expired after 2025	146,292	88,326
<b>Total</b>	<b>500,393</b>	<b>441,370</b>

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

# **WE Soda Ltd**

## **Notes to Consolidated Financial Statements (continued)**

(tabular amounts in thousands of US dollars, except where noted)

Deferred tax assets, which are recognised for tax losses carried forward arise in entities, primarily domiciled in Turkey and related to tax losses during the investment period in either 2018 or 2017. In this respect, USD146.3 million does not have any expiry date and the Group expects that to utilize USD142.9 million in 2021 and USD211.2 million in 2022.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets and that no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 14. Property, plant and equipment

2020	Land	Land improvements	Buildings	Plant, machinery and equipment	Leasehold improvements	Construction in progress	Other fixed assets <sup>1</sup>	Total
<b>Cost:</b>								
As at 1 January 2020	5,412	192,121	119,290	1,003,171	481	102,985	4,433	1,427,893
Additions	1,604	328	98	4,081	63	62,288	808	69,270
Remeasurement of asset retirement obligations (Note 28)	-	(48,228)	-	-	-	-	-	(48,228)
Disposals	(45)	-	(153)	(4,145)	-	-	(180)	(4,523)
Transfers to mine development costs	-	-	-	-	-	(8,268)	-	(8,268)
Transfers from construction in progress	-	2,738	27,576	61,902	-	(92,863)	647	-
Presentation currency translation effect	(934)	(15,659)	(4,572)	(144,000)	(88)	(2,432)	(559)	(168,244)
<b>Closing balance as of 31 December 2020</b>	<b>6,037</b>	<b>131,300</b>	<b>142,239</b>	<b>921,009</b>	<b>456</b>	<b>61,710</b>	<b>5,149</b>	<b>1,267,900</b>
<b>Accumulated depreciation:</b>								
As at 1 January 2020	-	(14,329)	(11,833)	(120,113)	(137)	-	(1,845)	(148,257)
Charge for the year	-	(9,313)	(6,921)	(68,677)	(60)	-	(1,008)	(85,979)
Disposals	-	-	53	3,022	-	-	178	3,253
Presentation currency translation effect	-	1,691	253	11,949	28	-	244	14,165
<b>Closing balance as of 31 December 2020</b>	<b>-</b>	<b>(21,951)</b>	<b>(18,448)</b>	<b>(173,819)</b>	<b>(169)</b>	<b>-</b>	<b>(2,431)</b>	<b>(216,818)</b>
<b>Net book value as of 31 December 2020</b>	<b>6,037</b>	<b>109,349</b>	<b>123,791</b>	<b>747,190</b>	<b>287</b>	<b>61,710</b>	<b>2,718</b>	<b>1,051,082</b>

Note 1 - Includes vehicles and furniture and fixtures

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

2019	Land	Land improvements	Buildings	Plant, machinery and equipment	Leasehold improvements	Construction in progress	Other fixed assets <sup>1</sup>	Total
<b>Cost:</b>								
As at 1 January 2019	5,991	152,146	121,318	1,029,053	541	126,218	4,428	1,439,695
Additions	58	29,203	228	8,555	-	119,657	661	158,362
Disposals	-	-	(770)	(4,095)	-	-	(129)	(4,994)
Transfers to mine development cost	-	-	-	-	-	(54,964)	-	(54,964)
Transfers from mine development costs	-	-	-	-	-	2,153	-	2,153
Transfers from construction in progress	-	19,826	1,421	62,404	-	(83,705)	54	-
Presentation currency translation effect	(637)	(9,054)	(2,907)	(92,746)	(60)	(6,374)	(581)	(112,359)
<b>Closing balance as of 31 December 2019</b>	<b>5,412</b>	<b>192,121</b>	<b>119,290</b>	<b>1,003,171</b>	<b>481</b>	<b>102,985</b>	<b>4,433</b>	<b>1,427,893</b>
<b>Accumulated depreciation:</b>								
As at 1 January 2019	-	(5,696)	(5,297)	(56,311)	(83)	-	(1,136)	(68,523)
Charge for the year	-	(9,205)	(6,699)	(70,183)	(66)	-	(1,112)	(87,265)
Disposals	-	-	49	1,677	-	-	11	1,737
Presentation currency translation effect	-	572	114	4,704	12	-	392	5,794
<b>Closing balance as of 31 December 2019</b>	<b>-</b>	<b>(14,329)</b>	<b>(11,833)</b>	<b>(120,113)</b>	<b>(137)</b>	<b>-</b>	<b>(1,845)</b>	<b>(148,257)</b>
<b>Net book value as of 31 December 2019</b>	<b>5,412</b>	<b>177,792</b>	<b>107,457</b>	<b>883,058</b>	<b>344</b>	<b>102,985</b>	<b>2,588</b>	<b>1,279,636</b>

Note 1 -Includes vehicles and furniture and fixtures

Property, plant and equipment with a carrying amount of USD736.8 million (2019: USD800.5 million) have been pledged under a commercial enterprise pledge, to secure borrowings of the Group (see Note 24 *Borrowings*). The said pledged assets cannot be re-pledged as security for other new borrowings or to be divested to another party.

As of 31 December 2020, the net carrying amounts of vehicles and plant, machinery, and equipment acquired through financial leasing agreement (see Note 36 *Lease Liabilities*) are USD15.5 million (2019: USD19.8 million) in total.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 15. Mining reserves

	Cost	Accumulated amortisation	Total
<b>At 1 January 2019</b>	<b>2,790,221</b>	<b>(82,962)</b>	<b>2,707,259</b>
Charge for the year	-	(81,485)	<b>(81,485)</b>
Presentation currency translation effect	(228,413)	11,373	<b>(217,040)</b>
<b>At 31 December 2019</b>	<b>2,561,808</b>	<b>(153,074)</b>	<b>2,408,734</b>
Charge for the year	-	(60,421)	<b>(60,421)</b>
Presentation currency translation effect	(337,454)	27,555	<b>(309,899)</b>
<b>At 31 December 2020</b>	<b>2,224,354</b>	<b>(185,940)</b>	<b>2,038,414</b>

Mining reserves include trona reserves that can be economically and legally extracted and processed into soda ash or sodium bicarbonate by the Group's operating companies.

The acquisition of Kazan Soda and Ciner Enterprises Inc. in February 2018 includes allocation of purchase price to mining reserves based on its fair value as at the date of the respective acquisitions which was approximately USD1,105 million and USD793 million respectively.

### 16. Intangible assets

Movement of intangibles assets:

	Cost	Accumulated amortisation	Total
<b>At 1 January 2019</b>	<b>6,079</b>	<b>(56)</b>	<b>6,023</b>
Additions	672	-	672
Charge for the year	-	(507)	(507)
Presentation currency translation effect	(8)	4	(4)
<b>At 31 December 2019</b>	<b>6,743</b>	<b>(559)</b>	<b>6,184</b>
Additions	419	-	419
Charge for the year	-	(786)	(786)
Transfers from property, plant and equipment	832	(832)	-
Disposal	(8)	8	-
Presentation currency translation effect	(26)	8	(18)
<b>At 31 December 2020</b>	<b>7,960</b>	<b>(2,161)</b>	<b>5,799</b>

The Group capitalises certain internal use software development costs associated with internally developed software primarily related to enterprise resource planning system that was implemented in 2018 and went live in 2019 for US operations. Costs incurred in the application and infrastructure development stage, including significant enhancements and upgrades, are capitalized. These software development costs are recognised on a straight-line basis over the estimated useful life of five to ten years and presented under depreciation and amortization expense which is included in the cost of products sold financial statement line item of the consolidated statements of operations. During the year ended December 31, 2020, the Company amortised internal use software development costs of USD0.8 million (2019: USD0.5 million).

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 17. Mining assets

	Cost	Accumulated amortisation	Total
<b>At 1 January 2019</b>	<b>207,823</b>	<b>(19,371)</b>	<b>188,452</b>
Transfers to construction in progress	(2,153)	-	(2,153)
Transfers from construction in progress	54,964	-	54,964
Charge for the year		(25,784)	(25,784)
Presentation currency translation effect	(26,675)	3,903	(22,772)
<b>At 31 December 2019</b>	<b>233,959</b>	<b>(41,252)</b>	<b>192,707</b>
Transfers from construction in progress	8,268	-	8,268
Charge for the year	-	(20,902)	(20,902)
Presentation currency translation effect	(45,868)	9,793	(36,075)
<b>At 31 December 2020</b>	<b>196,359</b>	<b>(52,361)</b>	<b>143,998</b>

### 18. Prepaid expenses

Prepaid expenses comprise of:

	2020	2019
<b>Non-current assets</b>		
Prepaid expenses	892	878
Order advances given for inventory purchase	9,600	843
	<b>10,492</b>	<b>1,721</b>
<b>Current assets</b>		
Prepaid expenses	4,509	2,843
Order advances given for fixed asset purchases	1,068	2,397
	<b>5,577</b>	<b>5,240</b>
	<b>16,069</b>	<b>6,961</b>

### 19. Trade and other receivables

	2020	2019
<b>Trade receivables</b>		
<b>Current:</b>		
Trade receivables	69,051	72,122
Discount on trade receivable	(441)	(171)
Trade receivables from related parties (Note 32)	151,332	153,222
Notes receivables <sup>1</sup>	-	169
Provision for doubtful receivables	(965)	(59)
<b>Total trade receivables</b>	<b>218,977</b>	<b>225,283</b>
<b>Other receivables</b>		
<b>Current:</b>		
Other sundry receivables	581	541
Deposits and guarantees given	4,082	3,998
Other receivables from related parties (Note 32)	242,836	740
	<b>247,499</b>	<b>5,279</b>
<b>Non-current:</b>		
Deposits and guarantees given	165	132
Other receivables from related parties (Note 32)	525,941	480,553
	<b>526,106</b>	<b>480,685</b>
<b>Total other receivables</b>	<b>773,605</b>	<b>485,964</b>
<b>Total trade and other receivables</b>	<b>992,582</b>	<b>711,247</b>

Note 1 - Note receivables represent promissory notes received in Turkey with respect to trading activities.

The Group's credit terms for its trade receivables vary from 30 to 120 days and trade receivables are amounts due

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

from customers for goods sold performed in the ordinary course of business. As of the reporting date, trade receivables are generally due for settlement within 73 days (2019: 58 days) and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

### 20. Goodwill

	2020	2019
<b>As of 1 January</b>	<b>60,561</b>	<b>64,600</b>
Presentation currency translation effect	(5,966)	(4,039)
<b>As of 31 December</b>	<b>54,595</b>	<b>60,561</b>

The goodwill recognised by the Group is a result of:

- Acquisition of Eti Soda on 24 November 2017 amounting to USD31.4 million and allocated to the Turkish soda ash business.
- Acquisition of Kazan Soda on 5 February 2018 amounting to USD16.6 million and allocated to the Turkish soda ash business; and
- Acquisition of Ciner Enterprises Inc. on 22 February 2018 amounting to USD29.3 million and allocated to the United States soda ash business.

Goodwill is subject to impairment test every year, where no impairment was recognised in 2020 (2019: Nil). In making assessments for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit ("CGU"). The recoverable amount of those assets, or CGU, is measured at the higher of their fair value less costs of disposal and value in use.

Management necessarily applies its judgement in allocating assets to CGUs, in estimating the probability, timing and value of underlying cash flows and in selecting appropriate discount rates to be applied within the recoverable value calculation. Subsequent changes to CGU allocation or estimates and assumptions in the recoverable value calculation could impact the carrying value of the respective assets. The below key assumptions are used in the calculation of the recoverable value as of 31 December 2020.

The projection period for the purposes of goodwill impairment testing is 5 years for US operations and estimated useful lives of mining reserves for Turkish subsidiaries which is 43 years for Kazan Soda and 21 years for Eti Soda. For Turkish subsidiaries, the Group expects to use available reserves of trona until the depletion of such reserves with the existing capacity of the facilities. Considering the unique solution mining method used by Turkish subsidiaries and limited estimated useful lives of mining reserves the management team decided to use useful lives of mining reserves for impairment testing. Cash flows for further periods (the remaining mine life) for US operations were extrapolated using a constant growth rate of 2%, which does not exceed the estimated average growth rate of economy of the country. The average growth rate of cash flows for further periods (after 5 years) for Turkish operations is 2%.

Although there is an enough headroom as a result of impairment analysis performed, a sensitivity has been performed in relation to budgeted / projected EBITDAs (5% decrease) and discount rate (200 bps increase), which are considered to be reasonable changes in assumptions based on COVID-19 and market related risks. Based on these sensitivities, our assessment is that no reasonably possible change in key assumptions would result in the recoverable amount being determined as lower than the carrying amount.

A range of weighted average cost of capital rates between 9% - 10.5% were used as post-tax discount rates in order to calculate the recoverable amount for each of the CGUs individually. The post-tax rate was adjusted by considering tax effects of the tax cash outflows and other future tax cash flows and differences between the cost of the assets and their tax bases.



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 21. Other assets and liabilities

Other assets and liabilities comprise of:

Other Assets	2020	2019
<b>Current:</b>		
VAT carried forward	5,103	4,439
VAT other	5,049	2,248
Restricted cash	15,565	70,477
Other	4,462	433
	<b>30,179</b>	<b>77,597</b>
<b>Non-current:</b>		
Other sundry receivables	2,214	1,247
	<b>2,214</b>	<b>1,247</b>
<b>Total other assets</b>	<b>32,393</b>	<b>78,844</b>
<b>Other Liabilities</b>	<b>2020</b>	<b>2019</b>
<b>Current:</b>		
Taxes and funds payable	8,379	5,339
Other sundry payables	3,006	4,066
	<b>11,385</b>	<b>9,405</b>
<b>Total other liabilities</b>	<b>11,385</b>	<b>9,405</b>

Restricted cash comprise deposits held in United Kingdom, Turkey and USA that have been placed to satisfy covenants requirements in respect of bank borrowings, see Note 24 *Borrowings*. The restricted cash are not under the exclusive control of the Group and therefore is disclosed separately from the Group's cash and cash equivalents.

### 22. Cash and cash equivalents

Cash and cash equivalents comprises of:

	2020	2019
Cash	14	5
Cash in bank comprises of:	21,836	107,733
- Demand deposits	7,852	107,719
- Time deposits with maturities less than three months	13,984	14
	<b>21,850</b>	<b>107,738</b>

There is a blockage on time deposits amounting to USD13,984,168.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 23. Inventories

Inventories comprise of:

	2020	2019
Raw materials and supplies	19,737	18,858
Work in progress	8,519	7,202
Finished goods	24,099	29,349
	<b>52,355</b>	<b>55,409</b>

No inventories written off nor written down to profit and loss in 2020 and 2019.

Raw materials and supplies comprise of:

	2020	2019
Packaging	1,465	1,592
Raw materials	11,616	9,935
Spare parts	6,656	7,331
	<b>19,737</b>	<b>18,858</b>

Non-current inventories comprise of long term store inventories by USD35,046 (31 December 2019: USD27,251).

### 24. Borrowings

	2020	2019
<b>Non-current:</b>		
Bank borrowings - long term portion of the long-term borrowings	745,253	2,171,125
(Less): Transaction costs	(17,995)	(51,708)
	<b>727,258</b>	<b>2,119,417</b>
<b>Current:</b>		
Bank borrowings due within one year	109,598	81,257
Bank borrowings - short term portion of the long-term borrowings	1,677,023	254,304
(Less): Transaction costs	(31,878)	(10,027)
	<b>1,754,743</b>	<b>325,534</b>
	<b>2,482,001</b>	<b>2,444,951</b>

In 2020, USD1,370.3 million was classified from non-current to current in relation to bank borrowings as a result of a change to terms and conditions in relation to loan facility discussed below. For further details, please see note 37 *Post balance sheet events*.

Bank borrowings comprise:

Currency	WAEIR <sup>1</sup>	2020 Short-term	Long-term	WAEIR <sup>1</sup>	2019 Short-term	Long-term
USD	5.00%	573,935	745,253	5.08%	223,981	1,140,217
EUR	3.75%	1,212,686	-	3.75%	111,580	1,030,908
<b>Total USD equivalent</b>		<b>1,786,621</b>	<b>745,253</b>		<b>335,561</b>	<b>2,171,125</b>
(Less): Transaction costs <sup>2</sup>						
USD		(9,394)	(17,995)		(4,985)	(28,601)
EUR		(22,484)	-		(5,042)	(23,107)
<b>Total Transaction costs (-)</b>		<b>(31,878)</b>	<b>(17,995)</b>		<b>(10,027)</b>	<b>(51,708)</b>
<b>Net USD equivalent</b>		<b>1,754,743</b>	<b>727,258</b>		<b>325,534</b>	<b>2,119,417</b>

Note 1 – Weighted average effective interest rate

Note 2 – USD49.9 million (2019: USD61.7 million) are related to transaction costs of borrowings and they are capitalized and amortised as finances costs on a straight-line basis in the profit or loss.

On 1 August 2018, the Group secured a USD380 million and a EUR1,100 million loan facility (the 'Facilities Agreement'). The maturity date of the Facilities Agreement is 1 August 2025. Interest payments are due on a quarterly basis. The outstanding principal amounts of the Facilities Agreement have been paid since from 31 December 2018, at a percentage stipulated in the loan agreement that increases over the term of the loan facility. The Company and Ciner Enterprises Inc. are borrowers of the loan, with Kew Soda Ltd, WE Soda Kimya Yatirimlari A.Ş., Ciner Kimya, Ciner Corp

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

and Ciner Holdings acting as guarantors to the loan. Each guarantor irrevocably and unconditionally guarantees repayment of the loan towards the creditors. The loan facility is secured, with share pledges of Ciner Enterprises Inc., Ciner Corp, Ciner Holdings, Ciner Resources LP, Ciner Kimya, WE Soda Kimya Yatirimlari A.Ş. and Eti Soda. The Interest rate of the loan is 3-month LIBOR rate plus a fixed margin of 4.25% for USD and 3-month LIBOR rate plus a fixed margin of 3.75% for EUR denominated portions.

According to loan facility entered into on 1 August 2018, the Group is subject to cash flow cover and leverage financial covenants to comply with which are tested by reference to each of the consolidated financial statements of the Group prepared quarterly during 2020. Based on amendment and restatement agreement dated 24 July 2020, due to effect of Covid-19 pandemic on Group's operations, the Group's compliance requirement for financial covenants has been deferred for the period commencing on the 30 June 2020 and ending on 31 March 2021. Group has complied with its financial covenant requirements for the first quarter of 2020.

Kazan Soda and lenders including Industrial and Commercial Bank of China ("ICBC") acting also as agent for other lender entered into a facilities agreement dated 25 March 2014 in relation to soda ash project located in Kazan. As of 31 December 2020 existing facilities amounts to USD736.8 million (31 December 2019: USD800.5 million). Repayment of the loan commenced on 20 December 2018 and will continue until 20 June 2027. The Interest rate of the loan is 6-month LIBOR rate plus a fixed margin of 3.45%. Park Holding A.Ş., WE Soda Kimya Yatirimlari A.Ş. and Ciner Kimya Yatirimlari A.Ş. are parties to this facilities agreement as guarantors.

As at 31 December 2020, the Facilities Agreement was in default and therefore moved to current borrowings from non-current borrowings. This has now been rectified post balance sheet date. (See Note 2.2 *Basis of preparation – Going concern* for full disclosure).

### Significant restrictions

The Facilities Agreement entered into by the Group mentioned above stipulates various covenants and restrictive provisions that limit (subject to certain exceptions) Group's ability to:

- Make distributions on or redeem or repurchase units;
- Incur or guarantee additional debt;
- Make certain investments and acquisitions;
- Incur certain liens or permit them to exist;
- Enter into certain types of transactions with affiliates of Group;
- Merge or consolidate with another company; and
- Transfer, sell or otherwise dispose of assets.

The Group has not capitalised any borrowing cost during the year (2019: USD nil).

The fair value of bank borrowings held at amortised cost approximates the carrying value.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

The bank borrowings scheduled payment exposure are as follows:

	2020	2019
Within 1 year	394,420	335,561
1 - 2 years	539,713	295,593
2 - 3 years	442,380	476,340
3 - 4 years	491,713	398,894
4 - 5 years	555,534	454,493
5 + years	108,114	545,805
	<b>2,531,874</b>	<b>2,506,686</b>

## 25. Trade and other payables

Trade and other payables comprises of:

	2020	2019
<b>Trade payables</b>		
<b>Current:</b>		
Trade payables	90,709	109,974
Trade payables to related parties (Note 32)	39,466	56,641
	<b>130,175</b>	<b>166,615</b>
<b>Non-current:</b>		
Trade payables	32,757	32,890
Trade payables to related parties (Note 32)	24,929	-
	<b>57,686</b>	<b>32,890</b>
<b>Total trade payables</b>	<b>187,861</b>	<b>199,505</b>
<b>Other payables</b>	<b>2020</b>	<b>2019</b>
<b>Current:</b>		
Other payables to related parties (Note 32)	46,387	42,484
Deposits and guarantees received	117	121
Other sundry payables	5,736	3,353
	<b>52,240</b>	<b>45,958</b>
<b>Non-current:</b>		
Other payables to related parties (Note 32)	304	965
	<b>304</b>	<b>965</b>
<b>Total other payables</b>	<b>52,544</b>	<b>46,923</b>
<b>Total trade and other payables</b>	<b>240,405</b>	<b>246,428</b>

The average credit period for trade purchases is 61 days (2019: 57 days). The Directors consider the carrying value of trade and other payables (on which no interest is incurred) approximates to their fair value.

## 26. Derivative financial instruments

The Group may enter into derivative contracts from time to time to manage exposure to the risk of exchange rate changes on its foreign currency transactions, the risk of changes in natural gas prices, and the risk of the variability in interest rates on borrowings. Gains and losses on derivative contracts are recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group follows hedge accounting for its hedging activities. All derivative instruments are recorded on the balance sheet at their fair values. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Group designates its derivatives based upon criteria established for hedge accounting under IFRS. For a derivative designated as a fair value hedge, the gain or loss is recognised in earnings in the period of change together with the offsetting gain or loss on the hedged item attributed to the risk being hedged.

For a derivative designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into earnings when the hedged exposure affects earnings. Any significant ineffective portion of the gain or loss is reported in earnings immediately. For derivatives not designated as hedges, the gain or loss is reported in earnings in the period of change.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

As of the reporting date, the Group has the following 2 derivative financial instruments, interest rate swap contracts and gas forward contracts.

### a) Interest rate swap contracts

Ciner Wyoming have interest rate swap contracts, designated as cash flow hedges, to mitigate its exposure to possible increases in interest rates. The swap contracts consist of three individual USD12.5 million (2019: four individual USD12.5 million) swaps with an aggregate notional value of USD37.5 million at 31 December 2020 (2019: USD50.0 million) and have various maturities through 2023 (2019: 2023).

### b) Gas forward contracts

Ciner Wyoming enter into natural gas financial forward contracts, designated as cash flow hedges, to mitigate volatility in the price of natural gas related to a portion of the natural gas we consume. These contracts generally have various maturities through 2024. The aggregate notional value of our financial gas forward purchase contracts as of 31 December 2020 was USD25.9 million (2019: USD31.2 million) and net fair value asset of USD0.4 million (2019: USD5.1 million net fair value liability).

The following table presents the fair value of derivative assets and liability derivatives and the respective locations on consolidated balance sheet as of 31 December 2020:

	Interest rate swap contracts	Gas forward contracts	Total
<b>Other Assets</b>			
Other current assets	-	1,360	1,360
Other non-current asset	-	-	-
<b>Total Other Assets</b>	-	<b>1,360</b>	<b>1,360</b>
<b>Other Liabilities</b>			
Other current liabilities	(196)	(699)	(895)
Other non-current liabilities	(1,077)	(191)	(1,268)
<b>Total Other Liabilities</b>	<b>(1,273)</b>	<b>(890)</b>	<b>(2,163)</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 27. Employee benefits

Employee benefits comprises:

	2020	2019
<b>Current:</b>		
Due to personnel	9,647	9,489
Social security premiums payable	421	481
Provision for annual leave <sup>(a)</sup>	1,644	1,405
Provision for post-employment benefit <sup>(c)</sup>	1,789	1,915
Other payables	41	29
	<b>13,542</b>	<b>13,319</b>
<b>Non-current:</b>		
Provision for retirement pay obligation – Turkish operations <sup>(b)</sup>	2,013	1,709
Provision for retirement pay obligation – US operations <sup>(b)</sup>	55,157	54,800
Provision for post-employment benefit <sup>(c)</sup>	11,340	11,842
	<b>68,510</b>	<b>68,351</b>
<b>Total</b>	<b>82,052</b>	<b>81,670</b>

Retirement pay obligations for US operations comprise total benefit obligations net off fair value of plan assets as shown below:

	2020	2019
Benefit obligation	215,048	193,965
Fair value of plan assets	(159,891)	(139,165)
<b>At 31 December</b>	<b>55,157</b>	<b>54,800</b>

#### a) Provision for unused annual leave

Movement of provision for unused annual leave is as follows:

	2020	2019
<b>At 1 January</b>	<b>1,405</b>	<b>1,426</b>
Additions	561	402
Payment/reversal of provision	(127)	(336)
Exchange loss on translation to presentation currency	(195)	(87)
<b>At 31 December</b>	<b>1,644</b>	<b>1,405</b>

Unused annual leave is recognised for the monetary value of the unused annual leave remuneration to be paid to employees upon the termination of their employment contract for any reason, at the wage rate prevailing on the date of termination. The liability represents the undiscounted amount of remuneration to be paid assuming the termination occurs at the reporting date.

#### b) Provision for retirement pay obligation

Movement of provision for defined retirement benefit liability for the Turkish operations is as follows:

	2020	2019
<b>At 1 January</b>	<b>1,709</b>	<b>1,120</b>
Actuarial loss	-	16
Service cost	660	778
Interest cost	59	52
Termination benefits paid	(71)	(92)
Exchange loss on translation to presentation currency	(344)	(165)
<b>At 31 December</b>	<b>2,013</b>	<b>1,709</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Movement of provision for defined retirement benefit liability for the US operations is as follows:

	2020	2019
<b>At 1 January</b>	<b>54,800</b>	<b>56,883</b>
Actuarial gain/(loss)	22,705	23,387
Service cost	2,113	1,806
Interest cost	1,723	2,329
Return on plan assets, excluding amounts included in interest income	(19,435)	(23,917)
Contribution by employer	(6,749)	(5,688)
<b>At 31 December</b>	<b>55,157</b>	<b>54,800</b>

### Sensitivity

Significant actuarial assumptions for the determination of the defined retirement benefit for the US operations are discount rate and the rate of compensation increase. Based on the gross obligation of USD215.0 million, a 1% change, in isolation, the plans obligation would have the effect shown in the table below:

Change		+1%	-1%
Discount rate	(Decrease)/increase in obligation	(24,788)	30,257
Rate of compensation increase	Increase/(decrease) in obligation	2,409	(1,840)

### c) Provision for other post-employment

Movement for provision for other post-employment benefit is as follows:

	2020	2019
<b>At 1 January</b>	<b>13,757</b>	<b>9,851</b>
Actuarial gain	864	4,830
Service cost	200	644
Interest cost	346	421
Benefit paid by participants	-	-
Contribution by employer	(2,038)	(1,989)
<b>At 31 December</b>	<b>13,129</b>	<b>13,757</b>

### Sensitivity

Significant actuarial assumptions for the determination of the other post-employment benefit are health cost trend rate and discount rate. A 1% change, in isolation, the obligation would have the effect shown in the table below:

Change		+1%	-1%
Health cost trend rate	Increase/(decrease) in obligation	266	(248)
Discount rate	(Decrease)/increase in obligation	(912)	1,067

In relation to the above sensitivities, a change in a single assumption while all other assumption remain constant is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

### Turkey

The Group's Turkish operations maintains a retirement pay obligation provision as required by Turkish law and union agreements, to ensure that lump sum payments are made to employees retiring or involuntarily leaving the Turkish subsidiaries. Such payments are considered as being part of employee benefit plan as per IAS 19 (Revised) - Employee Benefits.

The retirement pay provision recognised in the financial statements represents the present value of the retirement



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

pay obligation. The actuarial gains and losses are recognised in other comprehensive income. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Ceiling amount of USD1,041 which is declared by government and in effect since 1 January 2021 is used in the calculation of Group's provision for retirement pay liability. Ceiling amount determines the upper limit for the retirement pay provision liability for a 1 month of service length.

Turkish companies are not required by local law to set up a fund to meet their retirement pay obligations. Provision for retirement pay obligation is calculated by estimating the present value of probable liability amount arising due to retirement of employees IAS 19 (Revised) - Employee Benefits stipulates the development of a company's liabilities by using actuarial valuation methods. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

- Liability for each year of service will move in correlation with Turkish national inflation rate. To reflect this correlation, the discount rate applied takes into account the anticipated effects of future inflation;
- Provision for retirement pay obligation is calculated as the present value of the future probable obligation of the company arising from the retirement of the employees by applying 3.96% real discount rate;
- Management assumes that due to voluntarily leave, 3.35% of liability for Eti Soda and 10.8% of liability for Kazan Soda will not be paid out to employees with 0 - 15 years of service. It is assumed that full payment will be made for those with 16 or more years of service and
- Ceiling amount of USD1,041 which is in effect since 1 January 2021 is used in the calculation of Groups' provision for retirement pay liability (1 January 2020: USD1,133).

### USA

Ciner Enterprises Inc. sponsors various employee benefits offered to its employees:

- a) Retirement plans
- b) Savings plan
- c) Post-retirement benefits
- d) Pension plan assets

#### a) Retirement plans

Benefits provided under the Ciner Pension Plan for Salaried Employees and Ciner Pension Plan for Hourly Employees are based upon years of service and average compensation for the highest 60 consecutive months of the employee's last 120 months of service, as defined. Each plan covers substantially all full-time employees working at Ciner Wyoming and Ciner Corp hired before 1 May 2001. Ciner Enterprises Inc.'s funding policy is to contribute an amount within the range of the minimum required and the maximum tax-deductible contribution.

#### b) Savings plan

The Ciner 401(k) Retirement Plan covers all eligible salaried and hourly employees of Ciner Corp, including those in Ciner Wyoming. Eligibility is limited to all domestic residents and any foreign expatriates who are in the United States indefinitely. The plan permits employees to contribute specified percentages of their compensation, while Ciner Enterprises Inc. makes contributions based upon the specified percentages of employee contributions. The Plan was amended such that participants hired on or subsequent to 1 May 2001, will receive an additional contribution from Ciner Enterprises Inc. based on a percentage of the participant's base pay. Contributions made by Ciner Enterprises Inc. for the year ended 31 December 2020 was USD3.8 million (2019: USD3.4 million).

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### c) Post-retirement benefits

Most of the employees of Ciner Corp, including Ciner Wyoming, are eligible for post-retirement benefits other than pensions if they reach retirement age while still employed by Ciner Wyoming or Ciner Corp. Such retiree benefit plan is not funded, and Ciner Enterprises Inc. has the right to modify or terminate the plan. Ciner Enterprises Inc. uses 31 December to determine pension and post-retirement benefit measurements.

The estimated benefits payable for the future 10 years as of 31 December 2020 are as follows:

31 December 2020	Pension benefits	Post-retirement benefits
2021	9,320	1,736
2022	9,701	1,644
2023	10,066	1,344
2024	10,326	1,151
2025	10,563	972
2026-2030	54,890	3,415
<b>Total</b>	<b>104,866</b>	<b>10,262</b>

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits are detailed below (shown as weighted averages):

Weighted-average assumptions used to determine	Pension benefits	Post-retirement benefits
Benefit obligations at 31 December:		
Discount rate	2.20%	1.80%
Rate of compensation increase	3.00%	N/A
Benefit costs for the year ended 31 December:		
Discount rate	3.00%	2.75%
Expected return on plan assets	3.00%	N/A
Rate of compensation increase	3.00%	N/A
Health care trend assumption for the coming year	N/A	8.00%
Ultimate trend rate	N/A	4.50%
Year in which ultimate trend is reached	N/A	2026
Assumed health care cost trend rates at 31 December:		
One percentage point increase:		
Effects on total service and interest cost components	N/A	7
Effects on year-end post-retirement benefit obligation	N/A	266
One percentage point decrease:		
Effects on total service and interest cost components	N/A	(7)
Effects on year-end post-retirement benefit obligation	N/A	(248)

Responsibility for oversight of Ciner Enterprises Inc.'s pension plans has been assigned by the subsidiary's Board of Directors to the Benefits Committee. The Benefits Committee is composed of Company officers and senior-level managers.

Ciner Enterprises Inc. engages outside professionals to manage and administer the pension plans, including services from actuaries, fund trustees, and investment advisors. The Pension Committee uses professional investment advisors to guide investment decisions.

### d) Pension plan assets

The investment strategy for the pension plans is to secure adequate rates of return to meet plan obligations while safeguarding plan assets. Ciner Enterprises Inc.'s investments are limited to mutual funds that invest in equity and debt securities. Ciner Enterprises Inc. invests to generate income and capital appreciation to meet long-term requirements by allocating a majority of plan assets to equity securities. As of 31 December 2020, approximately 73% of plan assets were invested in mutual funds investing in equity securities, and approximately 27% were invested in mutual funds investing in debt securities.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Target Asset Allocation				
	Min Weight	Target Weight	Max Weight	Benchmark Index
Fixed Income	25%	29%	35%	Custom LDI Benchmark
Domestic equities	30%	50%	60%	S&P 500
International equities	10%	20%	40%	MSCI EAFE

The mutual funds are Level 2 inputs which utilise Level 1 inputs, including the fair values of equity investments and corporate debt instruments that were determined by closing prices for the mutual fund securities traded on national exchanges. The fair values of pension plan assets by asset category as of 31 December 2020 and 2019 are presented below:

		2020	2019
Asset Categories:	Type:		
Cash and cash equivalents	Unquoted	709	694
Mutual funds:			
Equity securities (domestic)	Quoted	89,974	72,118
Equity securities (international)	Quoted	32,590	28,346
Debt securities	Unquoted	36,618	38,007
<b>Total</b>		<b>159,891</b>	<b>139,165</b>

The projected long-term rate of return on plan assets is based on historical long-term rates of return for equity and debt securities with a majority of assets invested in equity securities.

Employer pension and post-retirement plan contributions for 2021 are expected to be USD6.0 million (2019: USD7.7 million).

## 28. Mine closure provision

Provision of USD40.1 million (2019: USD86.2 million) primarily represents the discounted future cash flow expenditure required for the closure of mines of Ciner Wyoming. The amount is on based on the estimated remaining useful life of the mine and on external and internal estimates as to the cost to restore the land in the future and state regulatory requirements. During 2020, the remaining life was 62 years (2019: 63 years). The liability was discounted using a risk-free rate of approximately 2% per annum.

Movement of the provision may be analysed as follows:

	2020	2019
<b>At 1 January</b>	<b>86,229</b>	<b>55,350</b>
Accretion/Interest expense	2,129	1,983
Additions	-	28,896
Remeasurement (Note 14)	(48,228)	-
<b>At 31 December</b>	<b>40,130</b>	<b>86,229</b>

While the discount rate as at 31 December 2020 has decreased due to current market conditions (when compared to 31 December 2019), the forecast US inflation rate used in the calculation of the provision valuation has increased resulting in an overall increase in the free risk rate applied. The net effect of the changes in the current financial year was a downward adjustment of USD48,228,000 to the carrying value of provision for closure of the property.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 29. Deferred income (contract liabilities)

USD43.0 million (2019: USD26.8 million) of the deferred income consists of short-term advances received from customers through Ciner İç ve Dış Ticaret A.Ş., while the remaining USD1.9 million (2019: USD2.7 million) consists of advances received from other customers for soda ash and sodium bicarbonate sales of Turkish operating entities. Deferred income represents undelivered goods which will be recognized as revenue upon delivery of such goods, which is consistent with the prior period. Movement in contract liabilities relates to timing differences.

### 30. Share capital and other reserves

Issued and fully paid ordinary share capital as at 31 December 2020 amounted to USD153.6 million (2019: USD153.6 million).

Ordinary equity share capital			
Authorised, allotted and fully paid	Number	Share Capital \$'000	Share Premium \$'000
At 1 January 2019	153,620,141	153,636	1,382,131
At 31 December 2019	153,620,141	153,636	1,382,131
At 31 December 2020	153,620,141	153,636	1,382,131

50,000 shares were issued at GBP1.00 per share at incorporation and were denominated to USD1.32 per share in 2017. All other ordinary shares were issued at USD1.00.

#### Restricted Profit Reserve for Turkish operations

The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. As of 31 December 2020, Turkish operations' restricted profit reserves consist of legal reserves. The Group's legal reserve is USD26.9 million (31 December 2019: USD26.4 million).

#### Foreign Currency Translation Reserve

As detailed in Note 2.13 Foreign currencies and 2.29 Identification of functional currencies, the functional currency for each subsidiary is the currency of the primary economic environment in which it operates. The presentation currency of the Group is the US Dollar based on the assessment that the Group's revenue mix will be predominantly US Dollar denominated due to nature of the industry and US Dollar presentation will enhance comparability with industry peer group.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations (mainly reportable segments in Turkey) are translated into USD using exchange rates prevailing at the end of each reporting 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 recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Please refer below for "Foreign Currency Translation Reserve" movements in respective years.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

	Equity attributable to owners of the Company	Non-controlling interest	Total
<b>Opening balance as of 1 January 2019</b>	<b>(381,534)</b>	<b>(107,381)</b>	<b>(488,915)</b>
Other comprehensive (loss) / income for the year	(220,008)	(36,143)	(256,151)
<b>Closing balance as of 31 December 2019</b>	<b>(601,542)</b>	<b>(143,524)</b>	<b>(745,066)</b>
<b>Opening balance as of 1 January 2020</b>	<b>(601,542)</b>	<b>(143,524)</b>	<b>(745,066)</b>
Other comprehensive (loss) / income for the year	(354,696)	(55,254)	(409,950)
<b>Closing balance as of 31 December 2020</b>	<b>(956,238)</b>	<b>(198,778)</b>	<b>(1.155,016)</b>

### Earnings per ordinary share

	Weighted average number of shares	Earnings \$'000	Per share amount \$
<b>At 31 December 2019</b>	153,620,141	111,634	0.727
<b>At 31 December 2020</b>	153,620,141	132,053	0.860

### 31. Group companies

The subsidiaries of the Group, the activity of which relates to the extraction and production of soda ash, at the reporting date were as follows:

Company	Country of Incorporation <sup>4</sup>	Principal activity	Registered address	Effective percentage holding
Ciner Enterprises Inc.	USA	Holding company	5 Concourse Parkway, Suite 2500, Atlanta GA 30328	100% <sup>1,5</sup>
Ciner Resource Partners LLC (GP)	USA	Holding company	As above	100% <sup>3,6</sup>
Ciner Resources Corporation	USA	Holding company	As above	100% <sup>1,6</sup>
Ciner Resources LP	USA	Holding company	As above	74% <sup>1,6</sup>
Ciner Wyoming Holding Co.	USA	Holding company	As above	100% <sup>1,6</sup>
Ciner Wyoming LLC.	USA	Mining for natural resources	254 County Road 4-6, Green River, WY 82935	38% <sup>1,6</sup>
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Turkey	Mining for natural resources	Yeşilağaç Mahallesi Gürağaç Kümeevler No: 47/A 06730 Beypazarı, Ankara, Turkey	74% <sup>2,5</sup>
Kazan Soda Elektrik Üretim A.Ş.	Turkey	Mining for natural resources	Söğütözü Caddesi Sim Söğütözü İş Merkezi No:14/D Beştepe, Yenimahalle, Ankara, Turkey	100% <sup>1,5</sup>
Ciner Kimya Yatırımları A.Ş.	Turkey	Holding company	Sultantepe Mahallesi Paşalimanı Caddesi No:41, Üsküdar, İstanbul, Turkey	100% <sup>1,5</sup>
WE Soda Kimya Yatırımları A.Ş.	Turkey	Holding company	As above	100% <sup>1,5</sup>

Note 1 - Ordinary shares

Note 2 - Preference shares (The right to appoint 6 members of Board of Directors out of 8)

Note 3 - General partner units which has incentive distribution rights and control rights over Ciner Resources LP

Note 4 - Principal place of business for all subsidiaries is same with the country of incorporation

Note 5 - Held directly by WE Soda Ltd.

Note 6 - Held indirectly through subsidiary undertakings.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Non-controlling interest

#### NRP Trona LLC

NRP Trona LLC, a wholly owned subsidiary of Natural Resource Partners L.P. (NRP) currently owns a 49% membership interest in Ciner Wyoming LLC. Non-controlling interest of NRP has protective rights as follows:

- NRP has certain blocking rights over transactions between Ciner Wyoming LLC and its affiliates,
- NRP may propose changes to Ciner Wyoming LLC's capital expenditure programs and
- NRP may take actions contrary to Group's instructions or requests or contrary to the Group's policies or objectives.

#### Eti Maden

Eti Maden currently owns a 26% membership interest in Eti Soda. This non-controlling interest of Eti Maden has protective rights as follows;

- Eti Maden has certain blocking rights over change in ownership of existing shares and capital increases,
- Eti Maden has certain approval rights for budget, additional borrowings, capital expenditure and merger transactions.

Amongst the US subsidiaries of the Group, non-controlling interests exist for Ciner Wyoming LLC and Ciner Resources LP.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

2020	Eti Soda	Ciner Enterprises Inc.
<b>Summarised balance sheet</b>		
Current assets	451,249	130,477
Non-current assets	1,015,170	1,264,422
Current liabilities	262,730	231,554
Non-current liabilities	177,921	422,142
Equity attributable to owners of the Company	759,068	124,230
Non-controlling interest	266,700	616,973
<b>Summarised statement of comprehensive income</b>		
Revenue	325,269	419,799
Expenses	(165,860)	(455,560)
<b>Total profit for the year</b>	<b>159,409</b>	<b>(35,761)</b>
<b>Profit for the year attributable to:</b>		
Shareholders	117,963	(26,907)
Non-controlling interest	41,446	(8,854)
<b>Total profit for the year</b>	<b>159,409</b>	<b>(35,761)</b>
<b>Summarised statement of cash flow</b>		
Cash and cash equivalents at beginning of the period	87,054	15,364
Net cash generated from operating activities	282,412	67,559
Net cash used from investing activities	(11,288)	(42,272)
Net cash used from financing activities	(353,315)	(39,421)
Effects of exchange rate changes on cash and cash equivalents	(4,483)	-
<b>Cash and cash equivalents at end of the period</b>	<b>380</b>	<b>1,230</b>

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

2019	Eti Soda	Ciner Enterprises Inc.
<b>Summarised balance sheet</b>		
Current assets	195,723	146,879
Non-current assets	1,278,324	1,336,166
Current liabilities	176,786	96,905
Non-current liabilities	217,448	594,316
Equity attributable to owners of the Company	799,069	152,495
Non-controlling interest	280,744	639,329
<b>Summarised statement of comprehensive income</b>		
Revenue	356,442	522,819
Expenses	(204,906)	(502,591)
<b>Total profit for the year</b>	<b>151,536</b>	<b>20,228</b>
<b>Profit for the year attributable to:</b>		
Shareholders	112,136	(13,556)
Non-controlling interest	39,400	33,784
<b>Total profit for the year</b>	<b>151,536</b>	<b>20,228</b>
<b>Summarised statement of cash flow</b>		
Cash and cash equivalents at beginning of the period	70,978	21,088
Net cash generated from operating activities	164,922	124,022
Net cash used from investing activities	(16,812)	(65,354)
Net cash used from financing activities	(134,646)	(64,392)
Effects of exchange rate changes on cash and cash equivalents	2,612	-
<b>Cash and cash equivalents at end of the period</b>	<b>87,054</b>	<b>15,364</b>



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 32. Related party transactions

The immediate parent undertaking is Kew Soda Ltd and ultimate parent undertaking is Akkan Enerji ve Madencilik A.Ş. The ultimate controlling party is Mr. Turgay Ciner. The Group entered into transactions with related parties for the rendering of services which amounts, depending on their nature, have either been charged to the income statement or capitalised as non-current assets as follows:

2020	Sales	Purchase	Financial income	Financial expense	Other income	Other expense
<b>Other related parties:</b>						
American Natural Soda Ash Corporation	177,891	1,362	-	-	-	-
Ciner İç ve Dış Ticaret A.Ş. <sup>1</sup>	685,909	2,972	35,117	26,001	-	-
Ciner Tanker İşletmeleri San. ve Ticaret A.Ş.	-	2,903	-	14	-	-
Denmar Depoculuk Nakliyat A.Ş.	2	18,263	-	76	-	-
Eti Maden İşletmeleri Genel Müdürlüğü	1,436	16,276	-	1,296	-	-
Konya - Ilgın Elektrik Üretim ve Ticaret A.Ş.	2	3,295	-	20	-	-
Mineral Minings Commodity Trading LLC	-	24,841	-	-	1,235	-
Park Cam Sanayi ve Ticaret A.Ş.	22,516	5	198	-	-	-
Park Holding A.Ş.	-	24,874	12,954	311	-	2,025
Park Toptan Elektrik Enerjisi Satış Sanayi ve Ticaret A.Ş.	-	22,426	-	384	-	-
Regnum Solicitors	-	559	-	-	-	-
Other	146	1,142	28	143	-	-
<b>Total</b>	<b>887,902</b>	<b>118,918</b>	<b>48,297</b>	<b>28,245</b>	<b>1,235</b>	<b>2,025</b>

Note 1 - The Group performs majority of its export and domestic sales through Ciner İç ve Dış Ticaret A.S. which is an export intermediary company established for this purpose in Turkey.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

2019	Sales	Purchase	Financial income	Financial expense	Other income	Other expense
<b>Parent company:</b>						
Akkan Enerji Madencilik A.Ş.	-	-	815	-	-	-
<b>Other related parties:</b>						
American Natural Soda Ash Corporation	315,847	3,508	-	-	-	-
Ciner İç ve Dış Ticaret A.Ş. <sup>1</sup>	731,858	756	4,012	4,086	-	-
Denmar Depoculuk Nakliyat A.Ş.	-	18,571	2	132	-	-
Eti Maden İşletmeleri Genel Müdürlüğü	2,086	19,811	-	2,184	-	-
Mineral Minings Commodity Trading LLC	-	-	-	-	1,345	-
Park Cam Sanayi ve Ticaret A.Ş.	9,162	-	942	-	-	-
Park Holding A.Ş.	-	23,689	32,610	994	-	5,433
Park Teknik Elektrik Madencilik Turizm San. ve Tic. A.Ş.	1	792	-	79	-	-
Silopi Elektrik Üretim A.Ş.	915	3,632	-	1	-	-
Other	-	6,039	875	2,049	-	54
<b>Total</b>	<b>1,059,869</b>	<b>76,798</b>	<b>39,256</b>	<b>9,525</b>	<b>1,345</b>	<b>5,487</b>

Note 1 - The Group performs majority of its export and domestic sales through Ciner İç ve Dış Ticaret A.S. which is an export intermediary company established for this purpose in Turkey.

Goods are sold based on price lists in force and terms that would be available to third parties. Goods and services are bought from associates on normal commercial terms and conditions.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Year-end balances arising from sales/purchases of goods/services:

	Receivables				Payables				
	Current		Non-current		Current		Non-current		Order Advances Received
	Trade	Non trade	Trade	Non trade	Trade	Non trade	Trade	Non trade	Short term
<b>As at 31 December 2020</b>									
<b>Parent company:</b>									
Kew Soda Ltd. <sup>5</sup>	-	-	-	415,763	-	-	-	-	-
<b>Other related parties:</b>									
American Natural Soda Ash Corporation <sup>1</sup>	41,948	-	-	-	183	-	-	-	-
Ciner İç ve Dış Ticaret A.Ş. <sup>1</sup>	99,970	16,365	-	-	77	7,089	-	-	42,971
Denmar Depoculuk Nakliyat A.Ş.	-	-	-	-	2,091	-	-	-	-
Eti Maden İşletmeleri Genel Müdürlüğü <sup>2</sup>	-	-	-	-	34,202	26,163	-	-	-
Mineral Minings Commodity Trading LLC	-	1,244	-	-	-	8,264	-	-	-
Park Cam Sanayi ve Ticaret A.Ş.	9,016	-	-	-	-	-	-	-	-
Park Holding A.Ş. <sup>3, 4, 6</sup>	-	224,856	-	110,174	1,064	4,559	24,929	-	-
Park Teknik Elektrik Madencilik Turizm Sanayi ve Ticaret A.Ş.	-	-	-	-	770	312	-	304	-
Other	398	371	-	4	1,079	-	-	-	-
<b>Total</b>	<b>151,332</b>	<b>242,836</b>	-	<b>525,941</b>	<b>39,466</b>	<b>46,387</b>	<b>24,929</b>	<b>304</b>	<b>42,971</b>

Note 1 - The Group's Turkish subsidiaries performs majority of their export and domestic sales through Ciner İç ve Dış Ticaret A.S. which is an export intermediary company established for this purpose. For US operations, ANSAC (the board of which has seats held by certain Directors of the Group's subsidiary Ciner Enterprises Incorporation) performs the same function for export sales.

Note 2 - Agreement between Eti Soda and Eti Maden İşletmeleri Genel Müdürlüğü stipulates that Eti Soda is to pay royalty fee of USD6.1 million or the amount greater than 6% of freight expenses deducted from revenue amount on an annual basis.

Note 3 - Long-term non-trade receivables amounting USD110.2 million is due to the financing purposes transactions made with Park Holding. It is the Management's intention that this receivable will not be collected in less than one year.

Note 4 - Interest bearing

Note 5 - The existing non-trade receivable of the Company from Park Holding as of 31 December 2018, is novated to Kew Soda and Akkan Enerji respectively with the same terms for the simplification purpose of intergroup transactions between Akkan Group and rest of the Ciner Group companies.

Note 6 - As of 31 December 2020, the Group was not in compliance with certain clauses of loan agreement related with transactions with its affiliates due to certain transfers and loans from the Group to its affiliates. Short-term non-trade receivables amounting USD224.9 million represents such transfers and fully collected until 8 June 2021 and a waiver granted on 18 June 2021 to waive of all defaults, breaches, and events of default, which occurred or may have occurred due to this affiliate transaction.

Receivables and payables from/to related parties are unsecured and are repayable on demand.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Year-end balances arising from sales/purchases of goods/services:

	Receivables				Payables			
	Current		Non-current		Current		Non-current	Order Advances Received
	Trade	Non trade	Trade	Non trade	Trade	Non trade	Non trade	Short term
<b>As at 31 December 2019</b>								
<b>Parent company:</b>								
Kew Soda Ltd. <sup>5</sup>	-	-	-	367,714	-	-	349	-
<b>Other related parties:</b>								
American Natural Soda Ash Corporation	53,859	-	-	-	1,614	-	-	-
Ciner İç ve Dış Ticaret A.Ş. <sup>1</sup>	96,593	-	-	-	454	-	-	26,830
Denmar Depoculuk Nakliyat A.Ş.	-	-	-	-	1,301	-	-	-
Eti Maden İşletmeleri Genel Müdürlüğü <sup>2</sup>	-	-	-	-	22,057	32,331	-	-
Mineral Minings Commodity Trading LLC	-	176	-	-	-	3,193	-	-
Park Cam Sanayi ve Ticaret A.Ş.	2,770	-	-	-	-	-	-	-
Park Holding A.Ş. <sup>3,4</sup>	-	-	-	112,830	27,733	6,502	-	-
Park Teknik Elektrik Madencilik Turizm Sanayi ve Ticaret A.Ş.	-	-	-	-	1,321	293	616	-
Silopi Elektrik Üretim A.Ş.	-	-	-	-	1,730	-	-	-
Other	-	564	-	9	431	165	-	-
<b>Total</b>	<b>153,222</b>	<b>740</b>	<b>-</b>	<b>480,553</b>	<b>56,641</b>	<b>42,484</b>	<b>965</b>	<b>26,830</b>

Note 1 - The Group's Turkish subsidiaries performs majority of their export and domestic sales through Ciner İç ve Dış Ticaret A.S. which is an export intermediary company established for this purpose. For US operations, ANSAC performs the same function for export sales.

Note 2 - Agreement between Eti Soda and Eti Maden İşletmeleri Genel Müdürlüğü stipulates that Eti Soda is to pay royalty fee of USD6.1 million or the amount greater than 6% of freight expenses deducted from revenue amount on an annual basis.

Note 3 - Long-term non-trade receivables amounting USD112.8 million is due to the financing purposes transactions made with Park Holding. It is the Management's intention that this receivable will not be collected in less than one year.

Note 4 - Interest bearing

Note 5 - The existing non-trade receivable of the Company from Park Holding as of 31 December 2018, is novated to Kew Soda and Akkan Enerji respectively with the same terms for the simplification purpose of intergroup transactions between Akkan Group and rest of the Ciner Group companies.

Receivables and payables from/to related parties are unsecured and are repayable on demand.

As at 31 December 2020, the Group has a payable of USD0.6 million (2019: USD1.6 million) for services provided, to a company that a director has interest in.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Compensation and transactions with key management personnel

Key management personnel are considered to comprise only the Directors. The compensation of Directors of the Group may be analysed as such:

	2020		2019	
	Directors	Highest paid director	Directors	Highest paid director
	2020	2020	2019	2019
Short term employee benefits - Salary	3,554	1,666	1,516	555
Short term employee benefits - Health insurance	6	2	34	-
	3,560	1,668	1,550	555
Post-employment benefits - Benefits under money purchase schemes	71	2	6	2
<b>Aggregate emoluments</b>	<b>3,631</b>	<b>1,670</b>	<b>1,556</b>	<b>557</b>
Sums paid to third parties for directors' services	559	-	-	-

The Directors are not entitled participate in any defined benefit pension schemes or granted any long-term benefits.

### 33. Commitments

#### Guarantee letters given

As at 31 December 2020, subsidiaries of the Group had provided bank guarantee letters to the value of USD16.3 million (2019: USD19.3 million) mainly in respect of its financial borrowings from Export Credit Bank of Turkey and purchases from vendors.

#### Pledged assets

Property, plant and equipment assets with a net book value amounting to USD736.8 million (2019: USD800.5 million) was pledged using Commercial Enterprise Pledges (CEP) in accordance with local Turkish regulation.

CEP is form of security that allows banks and financial institutions to create a pledge on all movable assets and certain intangible rights of a borrower without receiving the possession of the pledged asset, and with the possibility of the borrower continuing its business operations by using the pledged assets.

#### Guarantee letters received

As at 31 December 2020, subsidiaries of the Group, Eti Soda and Kazan Soda had received bank guarantee letters to the value of USD2.8 million (2019: USD8.6 million) as a guarantee from third parties.

#### Firm commitments

The Group's operating subsidiaries leases trona mining rights from either local state or private entities. All of said lease agreements stipulates for a royalty to be paid by the lessees to the lessors based upon production volume generated from the trona mines. For Eti Soda, this royalty clause also includes a minimum threshold of USD6.180 million per year of royalty, regardless of production volume generated.

Ciner Wyoming LLC, entered into 10 years rail yard switching and maintenance agreement with a third party, Watco Companies, LLC (Watco), on 1 December 2011. Under the agreement, Watco provides rail switching services at Ciner Wyoming LLC's rail yard. Ciner Wyoming LLC's rail yard is constructed on land leased by Watco from Rock Springs Grazing Association and Anadarko Land Corp; the Rock Springs Grazing Association land lease is renewable every 5 years for a total period of 30 years, while the Anadarko Land Corp. lease is perpetual. Ciner Wyoming LLC has an option agreement with Watco to assign these leases to Ciner Wyoming LLC at any time during the land lease term.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Ciner Wyoming LLC entered into two track lease agreements, collectively, not to exceed 10 years with Union Pacific Company for certain rail track used in connection with the rail yard.

Ciner Resources Corporation, another US subsidiary of the Group, has lease contracts with various lessors for rail cars to transport product to customer locations and warehouses. Rail car leases under these contractual commitments range for periods from 1 to 10 years.

Ciner Wyoming LLC has a self-bond agreement with the Wyoming Department of Environmental Quality ("WDEQ") under which the subsidiary commits to pay directly for reclamation costs at our Green River, Wyoming plant site. The amount of the bond was USD36.2million as of December 31, 2020 (2019: USD36.2 million). In May 2019, the State of Wyoming enacted legislation that limits our and other mine operators' ability to self-bond, which would require the subsidiary to seek other acceptable financial instruments to provide additional assurances for our reclamation obligations by November 2020. After the subsidiary secured the Surety Bond, the previous Self-Bond Agreement was terminated. As of the date of this report, the impact on our net income and liquidity due to securing the Surety Bond has been immaterial and we anticipate that to continue to be the case. The amount of such assurances that we are required to provide is subject to change upon periodic re-evaluation by the WDEQ's Land Quality Division. As a result of the most recent such periodic re-evaluation, the Surety Bond amount was increased to USD41.8million effective March 1, 2021.

Yet as of the date of this Report, the subsidiary anticipates that any such impact on our net income and liquidity will be limited. The amount of such surety guarantee is subject to change upon periodic re-evaluation by the WDEQ's Land Quality Division.

### 34. Dividends

During 2020 no ordinary dividends were declared and paid (2019: nil). The Directors do not recommend the payment of any further final dividend for the year (2019: nil).

Ciner Enterprises and subsidiaries, collectively subsidiaries of the Group, has paid a total of USD42.7 million (2019: USD96.9 million) of which USD17.7 million (2019: USD40.0 million) of dividends for the year to be paid to its non-controlling interest. The remainder of USD25.0 million (2019: USD56.9 million) was paid to other Group companies and therefore eliminated on consolidation.

### 35. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Notes	As at 1 January 2020	Financing cash flows <sup>1</sup>	Foreign Currency Differences	Other changes <sup>2</sup>	As at 31 December 2020
Borrowings	24	2,444,951	(169,842)	292,355	(85,463)	2,482,001
Lease liabilities	36	46,460	(17,720)	3,975	5,572	38,287
Other payables	25	46,923	(16,309)	(45)	21,975	52,544
Derivative financial instruments	26	6,171	-	-	(4,008)	2,163
<b>Total liabilities</b>		<b>2,544,505</b>	<b>(203,871)</b>	<b>296,285</b>	<b>(61,924)</b>	<b>2,574,995</b>

Note 1- The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

Note 2- Other changes include provisions, accruals and payments.

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### 36. Lease liabilities and right of use of assets

In the previous year, the Group has applied IFRS 16 Leases that is effective for annual periods that begin on or after 1 January 2019. The date of initial application of IFRS 16 for the Group is 1 January 2019, by using the cumulative catch-up approach. In this respect, the Group decided to keep classifications of IAS 17 Leases in the disclosures below to provide additional comparable information with financial statements as of 31 December 2018.

Lease liabilities may be analysed as such:

	2020	2019
<b>Analysed as:</b>		
<b>Non-current:</b>		
Lease liabilities <sup>(a)</sup>	17,149	20,285
Finance lease liabilities <sup>(b)</sup>	5,500	10,078
<b>Total</b>	<b>22,649</b>	<b>30,363</b>
<b>Current:</b>		
Lease liabilities <sup>(a)</sup>	9,935	9,848
Finance lease liabilities <sup>(b)</sup>	5,703	6,249
<b>Total</b>	<b>15,638</b>	<b>16,097</b>
<b>Grand total</b>	<b>38,287</b>	<b>46,460</b>

#### a) Lease liabilities and right of use of assets

	2020	2019
<b>Analysed as:</b>		
Non-current	17,149	30,363
Current	9,935	16,097
<b>Total</b>	<b>27,084</b>	<b>46,460</b>

The Group leases several assets including buildings, vehicles and rail car leases. The average lease term is 2 years. The lease liabilities exposure are as follows:

<b>Maturity Analysis</b>	2020	2019
Year 1	9,935	16,097
Year 2	17,094	25,196
Year 3	55	3,317
Year 4	-	1,850
Onwards	-	-
<b>Total</b>	<b>27,084</b>	<b>46,460</b>

<b>2020 - Right of use assets</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Rail Car</b>	<b>Total</b>
<b>Cost:</b>				
<b>At 1 January 2020</b>	<b>1,210</b>	<b>900</b>	<b>39,200</b>	<b>41,310</b>
Additions	1,823	252	6,626	8,701
Expiration	-	-	(4,586)	(4,586)
Presentation currency translation effect	(4)	(191)	-	(195)
<b>Total cost</b>	<b>3,029</b>	<b>961</b>	<b>41,240</b>	<b>45,230</b>
<b>Accumulated depreciation:</b>				
<b>At 1 January 2020</b>	<b>(292)</b>	<b>(414)</b>	<b>(11,950)</b>	<b>(12,656)</b>
Expiration	-	-	4,586	4,586
Charge for the year	(634)	(353)	(10,107)	(11,094)
Presentation currency translation effect	1	95	-	96
<b>At 31 December 2020</b>	<b>(925)</b>	<b>(672)</b>	<b>(17,471)</b>	<b>(19,068)</b>
<b>Carrying Amount as of 31 December 2020</b>	<b>2,104</b>	<b>289</b>	<b>23,769</b>	<b>26,162</b>



# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

2019 - Right of use assets	Buildings	Vehicles	Rail Car	Total
<b>Cost:</b>				
<b>At 1 January 2019</b>	<b>1,213</b>	<b>1,016</b>	<b>32,904</b>	<b>35,133</b>
Additions	-	-	6,296	6,296
Presentation currency translation effect	(3)	(116)	-	(119)
<b>Total cost</b>	<b>1,210</b>	<b>900</b>	<b>39,200</b>	<b>41,310</b>
<b>Amortisation:</b>				
<b>At 1 January 2019</b>	-	-	-	-
Charge for the year	(293)	(425)	(11,950)	(12,668)
Presentation currency translation effect	1	11	-	12
<b>At 31 December 2019</b>	<b>(292)</b>	<b>(414)</b>	<b>(11,950)</b>	<b>(12,656)</b>
<b>Carrying Amount as of 31 December 2019</b>	<b>918</b>	<b>486</b>	<b>27,250</b>	<b>28,654</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury functions.

### b) Finance lease liabilities

Finance lease liabilities may be analysed as such:

2020	Minimum Lease Payment	Present Value of Minimum Lease Payment
Finance lease payables	11,865	11,203
Within one year	6,136	5,703
In the second to fifth year	5,730	5,500
Less: Prepaid financial expenses	(663)	-
<b>Present value of finance lease obligations</b>	<b>11,203</b>	<b>11,203</b>
Less: Amounts due to settlement within twelve months shown under current liabilities		5,703
Amount due for settlement after twelve months		5,500
		<b>11,203</b>

Finance leases consist of property, plant and equipment under the finance lease arrangements. The average lease term is 3 years.

Approximate weighted average incremental borrowing rate for 2020 is 4.5%.

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of finance leases held at amortised cost approximates the carrying value. As at reporting date, the Group is not committed to any material non-cancellable operating leases.

## 37. Post balance sheet events

### Brexit

United Kingdom European Union membership referendum took place on 23 June 2016 where it was decided that the UK would leave the European Union in March 2019. Due to the complexity of the process, the United Kingdom formally left the European Union on 31 January 2020 and went through a transition period that ended on 31 December 2020. As of 1 January 2021, United Kingdom had officially exited the European Union. Although a deal has been struck between the United Kingdom and the European Union, it is anticipated that various changes to legislation and trade treaties will take place between the parties for years to come which may result in a significant change in the relationship between the UK and Europe and may have adverse political and economic impact to the Group's

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

operations in the United Kingdom.

The Group's main cash generating operations, are located in Turkey and US and has marginal reliance on trade with the United Kingdom and the Pound Sterling. As such, the directors have not identified any adjusting nor non-adjusting events at the date of approval of these financial statements that would significantly affect the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control.

Each business performs risk oversight to assure adequate risk mitigation including identifying new and emerging threats. We have a coordinated approach to evaluate and manage the implications for our business arising from Brexit. Our approach to Brexit is set out in Strategic Report's principal risk and uncertainties section.

### *Investment Incentive Approval*

The decision of the Council of Ministers on Government Grants and Incentives regulating investment incentives became effective after being published in the Official Gazette on 19 June 2012. Within the scope of this decision, Kazan Soda's application for Investment Incentive Certificate numbered I109393 has been approved by the Ministry of Industry and Technology on 8 March 2021 and Kazan Soda has recognized additional deferred tax amount of USD183.6 million as of 31 December 2020.

### *New Settlement Agreement*

Kazan Soda and its EPC Contractor signed a settlement agreement on 22 May 2021 with respect to the final acceptance of the fixed price - turnkey execution works of dense soda ash and sodium bicarbonate process plant, trona field solution mining project and cogeneration power plant in Kazan, Turkey. Parties agreed on settlement amounts of USD60,362,120 and USD8,500,000 for process plant and power plant, respectively. Additionally, EPC Contractor has accepted and undertaken construction of extension project units for decahydrate and caustic soda in a consideration of USD42,000,000, which is to be deducted from the settlement amount.

Parties agreed on payment method for the settlement amounts by netting off total settlement amount receivable of Kazan Soda (by USD68,862,120) against total outstanding payables of Eti Soda and Kazan Soda (by USD34,223,060) to EPC Contractor and payables (USD42,000,000) to be occurred as result of construction of extension project units. The difference of USD7,360,940 shall be satisfied by Kazan Soda supplying EPC Contractor, with dense soda ash against the fulfilment of EPC Contractor's contractual obligations for extension project units.

### *WE Soda and Ciner Enterprises Facilities Agreement*

On 1 August 2018, WE Soda and Ciner Enterprises refinanced its existing credit agreement and entered into a new Facilities Agreement, to which WE Soda and Ciner Enterprises (as borrowers), and KEW Soda, WE Soda, WE Soda Kimya Yatırımları Anonim Şirketi, Ciner Kimya Yatırımları Sanayi ve Ticaret Anonim Şirketi, Ciner Enterprises Inc., Ciner Wyoming Holding Co. and Ciner Resources Corporation (as original guarantors and together with the borrowers, the "Ciner Obligors"), are parties (as amended and restated or otherwise modified, the "Facilities Agreement"), and certain related finance documents. The Facilities Agreement expires on 1 August 2025.

On 24 July 2020, the WE Soda Facilities Agreement was amended and restated in its entirety. In connection with this, the following waivers (summarised below) were obtained:

- a) a waiver of the obligation to prefund the Debt Service Reserve Account;
- b) a waiver clause 24.6 of the Facilities Agreement which may have occurred due to negotiations with the Kazan Soda lenders on reprofiling that facility;
- c) a waiver of the cross-default provision of the Facilities Agreement which could have been triggered by the

# WE Soda Ltd

## Notes to Consolidated Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

occurrence of certain defaults under the Kazan Soda Facility;

d) waivers of certain other breaches of the Facilities Agreement facility as a result of affiliate transactions within the group; and

e) waivers of breaches which may have occurred due to the existence of certain receivables outstanding due to affiliate transactions.

On 12 February 2021, the Facilities Agreement was amended, and restated full and certain waivers were provided by the lenders in connection with certain affiliate transactions. Because affiliate transactions may also result in breaches that are not covered in the existing waivers, in order to cover all potential breaches a final waiver letter was obtained from the lenders on 18 June 2021. This waiver granted a waiver of all defaults, breaches, and events of default, which occurred or may have occurred due to the affiliate transactions. As such, there are no existing defaults as of the reporting date.

### *Change in corporate taxation*

In accordance with the published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from 20% to 25%, for the year 2022 to %23. The amendment is effective as of 1 January 2021. As the change has been announced after the reporting period, it is considered as a non-adjusting event according to TAS 10 "Events After Reporting Date" and in the financial statements of the Company as of 31 December 2020, the tax rate is considered as 20%.

In the same vein, corporate tax rate has been increased to 25% in the UK commencing from May 2021.

# WE Soda Ltd

## Parent Company Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2020

(in thousands of US dollars)

	Notes	2020	2019
<b>Continuing operations</b>			
Administrative expenses	E	(14,641)	(5,201)
Other operating income		833	3,204
Other operating expenses		(304)	(152)
<b>Loss from operations before financial expense</b>		<b>(14,112)</b>	<b>(2,149)</b>
Financial income	G	63,222	55,300
Financial expense	G	(212,431)	(78,210)
<b>Loss before tax</b>		<b>(163,321)</b>	<b>(25,059)</b>
Tax	F	1,204	(1,130)
<b>Loss for the financial year</b>		<b>(162,117)</b>	<b>(26,189)</b>
<b>Other comprehensive income</b>		-	-
<i>Items that will be reclassified subsequently to profit or loss: Foreign currency translation reserve</i>		-	-
<i>Other comprehensive tax income/(expense)</i>		-	-
<b>Other comprehensive income for the year, net of income tax</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(162,117)</b>	<b>(26,189)</b>

The notes on pages 99 to 110 form part of these parent company financial statements.

# WE Soda Ltd

## Parent Company Statement of Financial Position

As at December 31, 2020

(in thousands of US dollars)

	Notes	2020	2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	K	77	5,219
Trade receivables	I	-	2,667
Prepaid expenses		190	43
Tax credit		1,224	-
Other current assets	L	14,181	14,986
<b>Total current assets</b>		<b>15,672</b>	<b>22,915</b>
<b>Non-current assets</b>			
Other receivables	I	579,558	520,648
Investments	H	2,514,482	2,514,482
Property, plant and equipment		309	54
Right of use assets	J	618	904
Deferred tax assets	F	138	199
<b>Total non-current assets</b>		<b>3,095,105</b>	<b>3,036,287</b>
<b>Total assets</b>		<b>3,110,777</b>	<b>3,059,202</b>
<b>Current liabilities</b>			
Borrowings	M	1,384,181	126,469
Lease liabilities	J	341	340
Trade payables	N	3,374	843
Corporate tax liability		-	1,169
Other current liabilities	L	339	160
<b>Total current liabilities</b>		<b>1,388,235</b>	<b>128,981</b>
<b>Non-current liabilities</b>			
Borrowings	M	-	1,191,963
Lease liabilities	J	386	705
Other payables	N	351,888	205,113
Deferred tax liabilities	F	117	172
<b>Total non-current liabilities</b>		<b>352,391</b>	<b>1,397,953</b>
<b>Total liability</b>		<b>1,740,626</b>	<b>1,526,934</b>
<b>Net asset</b>		<b>1,370,151</b>	<b>1,532,268</b>
<b>Equity</b>			
Paid in capital	O	153,636	153,636
Share premiums	O	1,382,131	1,382,131
Accumulated losses)/retained earnings		(3,499)	22,690
Net loss for the year		(162,117)	(26,189)
<b>Total equity</b>		<b>1,370,151</b>	<b>1,532,268</b>

The notes on pages 99 to 110 form part of these parent company financial statements.

The financial statements on pages 95 to 110 were approved by the Board of Directors on 15 July 2021 and signed on its behalf by

**Alasdair J. Warren**  
**Chief Executive Officer / Director**  
**15 July 2021**

**Tom Hinton**  
**Chief Financial Officer / Director**  
**15 July 2021**

**Company Number 10264457**

# WE Soda Ltd

## Parent Company Statement of Changes in Equity

For the year ended December 31, 2020

(in thousands of US dollars)

	Share capital	Share premium	Foreign currency translation reserve <sup>1</sup>	Retained earnings/ (accumulated losses)	Total equity
<b>At 1 January 2019</b>	<b>153,636</b>	<b>1,382,131</b>	<b>(51)</b>	<b>22,741</b>	<b>1,558,457</b>
Loss for the year				(26,189)	(26,189)
<b>Comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,189)</b>	<b>(26,189)</b>
<b>At 31 December 2019</b>	<b>153,636</b>	<b>1,382,131</b>	<b>(51)</b>	<b>(3,448)</b>	<b>1,532,268</b>
Loss for the year				(162,117)	(162,117)
<b>Comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(162,117)</b>	<b>(162,117)</b>
<b>At 31 December 2020</b>	<b>153,636</b>	<b>1,382,131</b>	<b>(51)</b>	<b>(165,565)</b>	<b>1,370,151</b>

Note 1 - Accumulated other comprehensive income that will be reclassified subsequently to profit or loss.

The notes on pages 99 to 110 part of these parent company financial statements.

# WE Soda Ltd

## Parent Company Statement of Cash Flows

For the year ended December 31, 2020

(In thousands of US dollars)

	2020	2019
<b>Cash flow from operating activities</b>		
Loss after tax	(162,117)	(26,189)
<b>Operating cash flow prior to movement in working capital</b>	<b>(162,117)</b>	<b>(26,189)</b>
Adjustments for:		
Depreciation	386	306
Interest income	(25,545)	(25,890)
Interest expense	59,929	61,435
Net foreign exchange loss/(gain)	92,445	(20,368)
Commission expense	22,638	-
Tax (income)/expense	(1,204)	1,142
Movement in trade receivable	2,408	(188)
Movement in other receivables	658	5,636
Movement in trade payables	1,802	328
Movement in other payables	152	247
Income tax credit	(1,169)	-
<b>Cash used in operating activities</b>	<b>(9,617)</b>	<b>(3,541)</b>
Income tax paid	-	(5,174)
<b>Net cash used in operating activities</b>	<b>(9,617)</b>	<b>(8,715)</b>
<b>Investing activities</b>		
Expenditure on property, plant and equipment	(355)	(39)
Cash inflows from sale of property, plant and equipment	-	118
Movement in borrowings from related parties	121,804	159,163
<b>Net cash generated from investing activities</b>	<b>121,449</b>	<b>159,242</b>
<b>Financing activities</b>		
Cash used for repayment of the borrowings	(42,841)	(86,366)
Cash outflows from lease liabilities	(346)	(210)
Borrowing cost incurred	(20,638)	-
Interest paid	(54,827)	(58,697)
Interest received	39	86
<b>Net cash used in financing activities</b>	<b>(118,613)</b>	<b>(145,187)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,781)</b>	<b>5,340</b>
Cash and cash equivalents at the beginning of the year	5,219	172
Effect of foreign exchange rate change	1,639	(293)
<b>Cash and cash equivalents at the end of the year</b>	<b>77</b>	<b>5,219</b>

The notes on pages 99 to 110 form part of these parent company financial statements.



# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### A. General information

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the United Kingdom.

The Company's financial statements are included in the WE Soda Ltd Group consolidated financial statements for the year ended 31 December 2020.

Please refer to Directors' report in the Group consolidated financial statements for information on Company's domicile, legal form, country of incorporation, description of the nature of the entity's operations and business activities.

The functional and presentation currency of the Company is the US Dollar. See Note 2.13 *Foreign currencies* in the Group consolidated financial statements for further explanation on the Company's treatment of foreign currencies.

The Company's going concern assumptions and evaluations could be found in Note 2.2 *Basis of preparation / Going Concern*.

### B. Significant accounting policies

The separate financial statements of the Parent Company are presented as required by the Companies Act 2006 (the Act). As permitted by the Act, the separate financial statements of the Parent Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have been prepared on the historical cost basis. Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which the income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the Group consolidated financial statements, Note 2 *Significant accounting policies*.

See Note 2.29 *Critical accounting judgements and key source of estimation uncertainty* in the Group consolidated financial statements for the critical judgements in applying accounting policies and key source of estimation uncertainty applied by the Company in preparation of the financial statements. In addition to the disclosures in Note 2.29 *Critical accounting judgements and key source of estimation uncertainty*, the Company is required to apply certain judgements and utilised estimates in relation to the valuation of its investments discussed below.

#### *Investments*

Investments in subsidiaries are reviewed for impairment where events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. The unit of account being the equity of the subsidiary taken as a whole, which may comprise interests in multiple cash-generating units. If any such indication exists, the Company makes an assessment of the recoverable amount. If the asset is determined to be impaired, an impairment loss will be recorded, and the asset written down based on the amount by which the asset carrying amount exceeds the higher of fair value less cost of disposal and value in use. Any impairment loss is recognized immediately in the income statement.

#### *Property, plant and equipment*

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of property, plant and equipment, less their residual values, over their expected useful lives using the straight-line basis as follows:

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

<u>Description</u>	<u>Method</u>	<u>Years</u>
Vehicles	Straight line	4
Computer equipment	Straight line	3
Office equipment	Straight line	4
Furniture, fixtures and fittings	Straight line	5
Leasehold buildings/improvements	Straight line	10

### Financial instruments

See Note 2.24 *Financial instruments* in the Group consolidated financial statements for the initial application of Financial Instruments (as revised in 2017) and Leases.

### C. Employee number and costs

The average number of employees including the Directors employed was as follows:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Professional	16	12
<b>Total average number of employees</b>	<b>16</b>	<b>12</b>

The aggregate remuneration was as follows:

	<b>2020</b>	<b>2019</b>
Wages and salaries	4,336	1,997
Other pension costs	108	15
Social security costs	581	259
<b>Total aggregate remuneration</b>	<b>5,025</b>	<b>2,271</b>

### D. Financial risk management

Full details of the Company's risk management are shown in Note 4 *Financial risk management* to the Group consolidated financial statements.

#### a) Capital risk management

See Note 4 *Financial risk management* to the Group consolidated financial statements for how the Company manages its capital.

#### b) Fair value categories

<b>As at 31 December 2020</b>	<b>Financial liabilities at amortised cost</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets that are measured at fair value through profit and loss</b>	<b>Financial liabilities that are measured at fair value through profit and loss</b>	<b>Carrying value</b>
<b>Financial assets</b>					
Other receivables from related parties	-	579,558	-	-	579,558
Cash and bank balances	-	77	-	-	77
Other current assets	-	14,181	-	-	14,181
	-	<b>593,846</b>	-	-	<b>593,846</b>
<b>Financial liabilities</b>					
Borrowings	1,384,181	-	-	-	1,384,181
Lease liabilities	727	-	-	-	727
Trade payables	3,374	-	-	-	3,374
Other payables from related parties	351,888	-	-	-	351,888
	<b>1,740,170</b>	-	-	-	<b>1,740,170</b>

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

As at 31 December 2019	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial assets that are measured at fair value through profit and loss	Financial liabilities that are measured at fair value through profit and loss	Carrying value
<b>Financial assets</b>					
Trade receivables from related parties	-	2,667	-	-	2,667
Other receivables from related parties	-	520,648	-	-	520,648
Cash and bank balances	-	5,219	-	-	5,219
Other current assets	-	14,986	-	-	14,986
	-	<b>543,520</b>	-	-	<b>543,520</b>
<b>Financial liabilities</b>					
Borrowings	1,318,432	-	-	-	1,318,432
Lease liabilities	1,045	-	-	-	1,045
Trade payables	843	-	-	-	843
Other payables from related parties	205,113	-	-	-	205,113
	<b>1,525,433</b>	-	-	-	<b>1,525,433</b>

Financial assets and liabilities exclude tax receivables and payables as they do not constitute a contractual right or obligation to receive or pay cash or another financial asset.

There were no reclassifications of financial assets during the year.

### c) Financial risk management

The primary financial instruments of the Company consist of bank loans, cash and short-term time deposits. The main objective of the mentioned financial instruments is to finance the Company's operational activities. The Company, as part of the Akkan Enerji ve Madencilik A.Ş. Group, monitors and manages its financial risks relating to operations through an internal Group risk register. In respect of the Company, these are foreign exchange, interest rate, credit and liquidity risks.

#### Foreign exchange risk

The Company operates in the United Kingdom, with the US Dollar as its functional currency. The Company undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. The Company maintains cash balances in UK Pounds Sterling which are used to fund the corporate London office and Euro which are used to repay the loan facility.

As at the reporting date, the Company has monetary assets and monetary liabilities denominated in US Dollar, British Sterling and Euro.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The Company borrows fund at both fixed and variable interest rates, so the Company is exposed to interest rate risk. The Company manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed/floating interest and short-long term nature of borrowings as well as using derivative instruments where necessary for hedging purposes.

Interest rates of financial assets and liabilities are indicated in related notes.

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### Interest rate sensitivity:

If interest rates had been 5 basis points higher/lower and all other variables were held constant, the Company's profit before taxes and equity of the Company would increase/decrease by USD705,000 (2019: (USD673,000)). 5 basis points represents management's assessment of the possible change in interest rates that could apply to the Company.

### Credit risk

Credit risk refers to the risk that a counterparty will fail to fulfil its obligations to pay, resulting in a financial loss to the Company. At the reporting date, this included amounts owed by subsidiary companies of USD579.6 million (2019: USD523.3 million), which are repayable on demand. The directors expects that the carrying value of the amounts owed by subsidiary companies to be fully recoverable based on analysis of the expected future cash flows to be generated. This analysis takes account of relevant and reliable internal and external forward-looking information, incorporating economic forecasts in relation to the soda ash business.

The carrying value of financial assets recorded in the financial statements represented the Company's maximum exposure to credit risk at the year-end without taking into account any collateral received.

### Liquidity risk

The Company, as part of the Akkan Enerji ve Madencilik A.Ş. Group, manages its liquidity risk in line with WE Soda Group strategy to ensure that the Company is adequately funded by means of intra-group funding to meet its forecast short, medium and long-term commitments.

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Company was required to pay at the reporting date.

As at 31 December 2020	Carrying value	Total cash outflow according to contract	Less than 1 year	1-5 years	5+ Years
Borrowings	1,384,181	1,579,756	200,535	1,379,221	-
Lease liabilities	727	727	313	414	-
Trade payables	3,374	3,374	3,374	-	-
Other payables to related parties	351,888	351,888	-	351,888	-
<b>Total liabilities</b>	<b>1,740,170</b>	<b>1,935,745</b>	<b>204,222</b>	<b>1,731,523</b>	<b>-</b>

As at 31 December 2019	Carrying value	Total cash outflow according to contract	Less than 1 year	1-5 years	5+ Years
Borrowings	1,318,432	1,541,083	184,928	1,356,155	-
Lease liabilities	1,045	1,045	340	705	-
Trade payables	843	843	843	-	-
Other payables to related parties	205,113	205,113	-	205,113	-
<b>Total liabilities</b>	<b>1,525,433</b>	<b>1,748,084</b>	<b>186,111</b>	<b>1,561,973</b>	<b>-</b>

### d) Fair value of financial instruments

#### Fair value of financial instruments carried at amortised cost

The Management consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

#### Valuation techniques and assumptions applied for the purposes of measuring fair value

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

### Fair value by hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's fair value financial assets and liabilities are deemed to be Level 2. There were no transfers between Level 1 and 2 during the year.

## E. Administrative expenses

Administrative expenses comprise:

	2020	2019
Consultancy expenses	6,452	1,502
Depreciation expenses	385	306
Personnel expenses	5,025	2,271
Travel expenses	35	356
Office expenses	2,455	206
Other expenses	289	560
	<b>14,641</b>	<b>5,201</b>

## F. Taxation

### a) Current tax

	2020	2019
<b>Current tax payable:</b>		
Income tax - current year	-	(1,169)
Tax credit	1,204	-
<b>Total tax credit/(liability)</b>	<b>1,204</b>	<b>(1,169)</b>

The tax credit/(charge) for the year can be reconciled to loss before tax per the statement of comprehensive income as follows:

	2020	2019
<b>(Loss)/Profit before tax</b>	(163,321)	(25,059)
Applicable rate of tax	19.00%	19.00%
<b>Tax at applicable rate</b>	<b>31,031</b>	<b>4,761</b>
Tax effect of:		
- Disallowable expenses	(50)	(5,891)
- Corporate interest restriction for the year	(10,270)	-
- Carry forward tax losses not recognised as deferred tax asset	(19,604)	-
- Other	97	-
<b>Total income credit/ (tax expense)</b>	<b>1,204</b>	<b>(1,130)</b>

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Corporate interest restriction (CIR) of USD10.3m in 2020 is a result of CIR rules that are applicable to UK tax resident entities from April 2018. The CIR rules are in place to limit the amount of tax relief an entity can obtain for deducting net interest and other financing costs. In 2020, application of the CIR rules imposed a deduction of USD17.9m from the total tax credit made available to the Company. In 2019, application of the CIR rules did not have an impact to the tax expense recognised by the Company, due to the lower financial expenses recognised.

At 31 December 2020, the Company has unused tax losses of USD19.6 million (2019: Nil). Deferred tax assets have not been recognised as there is no certainty that we can recover against future taxable profits.

The Finance (No 2) Act 2015, which provides the main rate of corporation tax of 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act receiving the Royal Assent on 28 July 2020 stipulates in section 5(1) that the Corporation Tax main rate for the financial year 2020 and 2021 to be 19%. These rates have been reflected in the calculation of deferred tax at the reporting date. In May 2021, as a result of the 2021 Budget, it was enacted that corporation tax rate on company profits above £250,000 to rise from 19% to 25% in April 2023.

### b) Deferred tax

Deferred tax assets / (liabilities) comprises:

	2020	2019
Deferred tax assets	138	199
Deferred tax liabilities	(117)	(172)
Net deferred tax asset	21	27

This may be analysed as follows:

	2020	2019
Recognition of lease liability as a result of operating lease	138	199
Recognition of right of use of asset recognised on operating lease	(117)	(172)
<b>Closing balance at 31 December</b>	<b>21</b>	<b>27</b>

Movement of deferred tax assets / (liabilities) for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
At 1 January	27	-
Lease liability as a result of operating lease	(60)	199
Right of use of asset recognised on operating lease	54	(172)
<b>Closing balance at 31 December</b>	<b>21</b>	<b>27</b>

## G. Finance income / (expense)

Finance income / (expense) comprises of:

	2020	2019
<b>Finance income:</b>		
Interest income	25,547	25,890
Foreign exchange gains	37,675	29,410
	<b>63,222</b>	<b>55,300</b>
<b>Finance expense:</b>		
Interest expense related to financial activities	82,554	69,225
Foreign exchange losses	129,863	8,900
Other	14	85
	<b>212,431</b>	<b>78,210</b>

Foreign exchange losses were mainly a result of the realised losses of the revaluation of EUR portion of the outstanding loan facility and EUR other payables to related parties. The higher USD129.9m recognised in 2020 is mainly driven by

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

the weakening US Dollar to the EURO in 2020 by 10%, whereas in 2019, the US Dollar only fluctuated by 2% against the EURO.

### H. Investments

	2020	2019
<b>At 1 January</b>	2,514,482	2,378,163
Additions	-	136,319
<b>At 31 December</b>	<b>2,514,482</b>	<b>2,514,482</b>

The Group's subsidiaries at the reporting date are disclosed in Note 31 *Group companies* to the Group consolidated financial statements. Fair value information regarding investments in subsidiaries has not been disclosed as their fair value cannot be measured reliably, as they are investments in unquoted group companies.

### I. Trade and other receivables

Trade and other receivables comprise of:

	2020	2019
<b>Current:</b>		
Trade receivables from related parties	-	2,667
<b>Current trade receivables</b>	<b>-</b>	<b>2,667</b>
<b>Non-Current</b>		
Other receivables from related parties	579,558	520,648
<b>Total trade and other receivables</b>	<b>579,558</b>	<b>523,315</b>

The Directors consider the carrying amount of receivables approximates to their fair value. Receivables from related parties are unsecured and are repayable on demand. It is the Management's intention that the other receivables from related parties will not be demanded in less than one year.

The Directors consider the carrying value of non-related parties trade and other receivables approximates to their fair value.

### J. Right of use of assets and lease liabilities

#### a) Right of use of assets

The Company leases its location in central London for the term of 5 years, ending in February 2023. The intangible assets comprise right of use of assets in relation to the lease:

	Cost	Amortisation	Total
<b>At 1 January 2020</b>	<b>1,189</b>	<b>(285)</b>	<b>904</b>
Amortisation charge	-	(286)	(286)
<b>At 31 December 2020</b>	<b>1,189</b>	<b>(571)</b>	<b>618</b>

#### b) Lease liabilities

Amounts recognised in profit and loss	2020	2019
<b>Analysed as:</b>		
Current	341	340
Non-current	386	705
<b>Total</b>	<b>727</b>	<b>1,045</b>

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

<b>Maturity Analysis</b>	<b>31 December 2020</b>
Year 1	341
Year 2	332
Year 3	54
Onwards	-
<b>Total</b>	<b>727</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury functions.

### c) Charge to income profit and loss

<b>Amounts recognised in profit and loss</b>	<b>2020</b>
Depreciation expense on right-of-use assets	285
Interest expense on lease liabilities	24
Foreign exchange loss on lease liabilities	3
Rent expense	426
Decrease in operating expenses	(346)
<b>Net effect of IFRS 16 implementation</b>	<b>392</b>
Expense relating to low value and short-term leases	182
<b>Total operating lease expense</b>	<b>574</b>

## K. Cash and cash equivalents

Cash and cash equivalents comprise of cash in bank only of USD77,000 (2019: USD5,219,000) that can be reconciled to the statement of cash flows.

## L. Other assets and liabilities

	<b>2020</b>	<b>2019</b>
<b>Other assets</b>		
<b>Current:</b>		
Restricted cash	13,947	14,874
VAT deductible	234	112
	<b>14,181</b>	<b>14,986</b>
<b>Other liabilities</b>		
<b>Current:</b>		
Other miscellaneous	339	160
	<b>339</b>	<b>160</b>

Restricted cash comprise deposits held in United Kingdom, Turkey and USA that have been placed to satisfy covenants requirements in respect of bank borrowings, see *Note M – Borrowings*. They are carried at fair value with gains or losses taken to the consolidated statement of comprehensive income. The restricted cash are not under the exclusive control of the Group and therefore is disclosed separately from the Company's Cash and cash equivalent.

## M. Borrowings

On 1 August 2018, the Group secured a USD380 million and a EUR1,100 million loan facility (the 'Facilities Agreement'). The maturity date of the Facilities Agreement is 1 August 2025. Interest payments are due on a quarterly basis. The outstanding principal amounts of the Facilities Agreement have been paid since from 31 December 2018, at percentages stipulated in the loan agreement that increases over the term of the loan facility.

See *Note 24 Borrowings* in the Group consolidated financial statements for further details.



# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

Borrowings comprises of:

	Maturity date	2020	2019
<b>Non-current:</b> Bank borrowings	2025	-	1,215,070
(Less): Transaction costs		-	(23,107)
		-	<b>1,191,963</b>
<b>Current:</b> Bank borrowings	2025	1,410,329	131,511
(Less): Transaction costs		(26,148)	(5,042)
		<b>1,384,181</b>	<b>126,469</b>
		<b>1,384,181</b>	<b>1,318,432</b>

The borrowings scheduled payment exposure are as follows:

	2020	2019
Within 1 year	1,410,329	131,511
1 - 2 years	-	170,267
2 - 3 years	-	216,428
3 - 4 years	-	263,313
4 - 5 years	-	313,392
5 + years	-	251,670
	<b>1,410,329</b>	<b>1,346,581</b>

Currency	2020				2019			
	WAEIR <sup>1</sup>	Short term	Long term	Total	WAEIR <sup>1</sup>	Short term	Long term	Total
USD	3.75%	197,643	-	197,643	7%	19,932	184,162	204,094
EUR	4.47%	1,212,686	-	1,212,686	4%	111,579	1,030,908	1,142,487
<b>Total USD equivalent</b>		<b>1,410,329</b>	-	<b>1,410,329</b>		<b>131,511</b>	<b>1,215,070</b>	<b>1,346,581</b>
(Less): Transaction costs <sup>2</sup>								
USD		(3,664)	-	(3,664)		(756)	(3,466)	(4,222)
EUR		(22,484)	-	(22,484)		(4,286)	(19,641)	(23,927)
<b>Total USD equivalent</b>		<b>(26,148)</b>	-	<b>(26,148)</b>		<b>(5,042)</b>	<b>(23,107)</b>	<b>(28,149)</b>
<b>Net USD equivalent</b>		<b>1,384,181</b>	-	<b>1,384,181</b>		<b>126,469</b>	<b>1,191,963</b>	<b>1,318,432</b>

Note 1 - Weighted average effective interest rate

Note 2 – USD26.1 million (2019: USD28.1 million) are related to transaction costs of borrowings and are recognized as finances costs on a straight-line basis in the profit or loss.

## N. Trade and other payables

Other payables comprise of:

	2020	2019
<b>Current:</b>		
Trade payables	3,374	843
<b>Total current trade payables</b>	<b>3,374</b>	<b>843</b>
<b>Non-Current</b>		
Other payables to related parties	351,888	205,113
<b>Total trade and other payables</b>	<b>355,262</b>	<b>205,956</b>

The Directors consider the carrying value of payables approximates to their fair value. Payables to related parties are unsecured and are repayable on demand.

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

### O. Share capital

Issued and fully paid ordinary share capital as at 31 December 2020 amounted to USD153.6 million (2019: USD153.6 million).

Ordinary equity share capital			
Allotted and fully paid	Number	Share Capital \$'000	Share Premium \$'000
At 1 January 2019	153,620,141	153,636	1,382,131
At 31 December 2019	153,620,141	153,636	1,382,131
At 31 December 2020	153,620,141	153,636	1,382,131

### P. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows as cash flows from financing activities.

	Notes	As at 1 January 2020	Financing cash flows	Foreign Currency Differences	Other changes <sup>1</sup>	As at 31 December 2020
Borrowings	M	1,318,432	(118,306)	106,589	77,466	1,384,181
Lease liabilities	J	1,045	(346)	-	28	727
Trade and other payables	N	205,956	39	23,268	125,999	355,262
<b>Total liability</b>		<b>1,525,433</b>	<b>(118,613)</b>	<b>129,857</b>	<b>203,493</b>	<b>1,740,170</b>

Note 1 - Other changes include interest accruals and payments.

	Notes	As at 1 January 2019	Financing cash flows	Foreign Currency Differences	Other changes <sup>1</sup>	As at 31 December 2019
Borrowings	M	1,428,297	(145,063)	(26,736)	61,934	1,318,432
Lease liabilities	J	1,220	(210)	35	-	1,045
Trade and other payables	N	45,410	159,249	(305)	1,602	205,956
<b>Total liability</b>		<b>1,474,927</b>	<b>13,976</b>	<b>(27,006)</b>	<b>63,536</b>	<b>1,525,433</b>

Note 1 - Other changes include interest accruals and payments.

### Q. Dividends

The Company has not declared any dividend for the year.

### R. Related party transactions

Related party balance as at reporting date:

2020	Receivables			Payables	
	Trade	Current Non-trade	Non-current Non-trade	Current Trade	Non-current Non-Trade
<b>Parent company:</b>					
Kew Soda Ltd. <sup>1</sup>	-	-	415,763	-	-
<b>Other related parties:</b>					
Kazan Soda Elektrik Üretim A.Ş.	-	-	-	684	-
Ciner Enterprises Inc. <sup>1</sup>	-	-	163,791	-	-
College Hill Ltd.	-	-	4	-	-
Ciner Kimya Yatırımları A.Ş. <sup>1</sup>	-	-	-	-	351,888
	-	-	<b>579,558</b>	<b>684</b>	<b>351,888</b>

Note 1 – interest bearing

Receivables	Payables
-------------	----------

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

2019	Trade	Current Non-trade	Non-current Non-trade	Non-current Non-Trade
<b>Parent company:</b>				
Kew Soda Ltd. <sup>1</sup>	-	-	367,713	349
<b>Other related parties:</b>				
Kazan Soda Elektrik Üretim A.Ş.	2,667	-	-	-
Ciner Enterprises Inc. <sup>1</sup>	-	-	152,926	-
College Hill Ltd.	-	-	9	-
Ciner Kimya Yatırımları A.Ş. <sup>1</sup>	-	-	-	204,764
	<b>2,667</b>	<b>-</b>	<b>520,648</b>	<b>205,113</b>

Note 1 – interest bearing

The Company entered into transactions with related parties for the rendering of services which amounts, depending on their nature, have either been charged to the income statement or capitalised as non-current assets as follows:

2020	Purchase	Interest received	Interest payment
<b>Parent company:</b>			
Kew Soda Ltd		14,641	(2,278)
<b>Other related parties:</b>			
Ciner Enterprises Inc.	-	10,865	-
Ciner Kimya Yatırımları A.Ş.	-	-	(5,065)
Regnum Solicitors	(559)	-	-
	<b>(559)</b>	<b>25,506</b>	<b>(7,343)</b>

2019	Sales	Interest received	Interest payment
<b>Parent company:</b>			
Akkan Enerji ve Madencilik A.Ş.	-	815	-
<b>Other related parties:</b>			
Kazan Soda Elektrik Üretim A.Ş.	3,191	-	-
Ciner Enterprises Inc.	-	12,216	-
WE Soda Kimya Yatırımları A.Ş.	-	11	-
Park Holding A.Ş.	-	12,762	-
Ciner Kimya Yatırımları A.Ş.	-	-	(2,622)
	<b>3,191</b>	<b>25,804</b>	<b>(2,622)</b>

Key management personnel are considered to comprise only the Directors. The remuneration of the directors of the Company is disclosed note 32 *Related party transactions* of the Consolidated Financial Statements. The Directors' payment receivable from the Company for the year for other services was USD0.6 million (2019: USD1.6 million).

### S. Controlling parties

The immediate parent company is Kew Soda Ltd and ultimate parent undertaking is Akkan Enerji ve Madencilik A.Ş. The ultimate controlling party is Mr. Turgay Ciner.

### T. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the parent company is USD0.2 million (2019: USD0.2 million).

### U. Post balance sheet events

#### Brexit

United Kingdom European Union membership referendum took place on 23 June 2016 where it was decided that the UK would leave the European Union in March 2019. Due to the complexity of the process, the United Kingdom formally left the European Union on 31 January 2020 and went through a transition period that ended on 31 December 2020. As of 1 January 2021, United Kingdom had officially exited the European Union. Although a deal has been struck between the United Kingdom and the European Union, it is anticipated that various changes to legislation and trade treaties will take place between the parties for years to come which may result in a significant change in the

# WE Soda Ltd

## Notes to the Parent Financial Statements (continued)

(tabular amounts in thousands of US dollars, except where noted)

relationship between the UK and Europe and may have adverse political and economic impact to the Group's operations in the United Kingdom.

The Group's main cash generating operations, are located in Turkey and US and has marginal reliance on trade with the United Kingdom and the Pound Sterling. As such, the directors have not identified any adjusting nor non-adjusting events at the date of approval of these financial statements that would significantly affect the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control.

Each business performs risk oversight to assure adequate risk mitigation including identifying new and emerging threats. We have a coordinated approach to evaluate and manage the implications for our business arising from Brexit. Our approach to Brexit is set out in Strategic Report's principal risk and uncertainties section.

### *Corporation tax rate*

On 3 March 2021, the Chancellor of the Exchequer of United Kingdom issued the 2021 Budget which stipulates that corporation tax rate to rise from 19% to 25% in April 2023. Management concludes that there is no material impact to deferred tax assets balance of \$21,000 as at 31 December 2020.

### *WE Soda Facilities Agreement*

On 1 August 2018, WE Soda and Ciner Enterprises refinanced its existing credit agreement and entered into a new Facilities Agreement, to which WE Soda and Ciner Enterprises (as borrowers), and Kew Soda, WE Soda, WE Soda Kimya Yatırımları Anonim Şirketi, Ciner Kimya Yatırımları Sanayi ve Ticaret Anonim Şirketi, Ciner Enterprises Inc., Ciner Wyoming Holding Co. and Ciner Resources Corporation (as original guarantors and together with the borrowers, the "Ciner Obligors"), are parties (as amended and restated or otherwise modified, the "Facilities Agreement"), and certain related finance documents. The Facilities Agreement expires on 1 August 2025.

On 24 July 2020, the WE Soda Facilities Agreement was amended and restated in its entirety. In connection with this, the following waivers (summarised below) were obtained:

- a) a waiver of the obligation to prefund the Debt Service Reserve Account.
- b) a waiver clause 24.6 of the Facilities Agreement which may have occurred due to negotiations with the Kazan Soda lenders on reprofiling that facility.
- c) a waiver of the cross-default provision of the Facilities Agreement which could have been triggered by the occurrence of certain defaults under the Kazan Soda Facility;
- d) waivers of certain other breaches of the Facilities Agreement facility as a result of affiliate transactions within the group; and
- e) waivers of breaches which may have occurred due to the existence of certain receivables outstanding due to affiliate transactions.

## Glossary

<b>Akkan Enerji ve Madencilik A.Ş.</b>	Akkan Energy Mining Inc.
<b>Ciner Hava Taşımacılığı A.Ş.</b>	Ciner Air Transportation Inc.
<b>Ciner İç ve Dış Ticaret A.Ş.</b>	Ciner Domestic and Foreign Trade Inc.
<b>Ciner Kimya</b>	Ciner Kimya Yatırımları A.Ş.
<b>Ciner Maden Proje ve Teknik Danışmanlık A.Ş.</b>	Ciner Mining Project and Technical Consultancy Inc.
<b>Ciner Turizm Ticaret İnşaat Servis Hizmetleri A.Ş.</b>	Ciner Tourism Trade Construction Transportation Services Inc.
<b>Cogeneration</b>	The generation of electricity and useful heat jointly, especially the utilisation of the steam left over from electricity generation for heating.
<b>Denmar Depoculuk Nakliyat A.Ş.</b>	Denmar Warehousing Transport Inc.
<b>Eti Maden</b>	Eti Maden İşletmeleri Genel Müdürlüğü/Eti Mining Enterprises General Directorate
<b>Eti Soda</b>	Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş./Eti Soda Production Marketing Transportation and Electricity Generation Industry and Trade Inc.
<b>Havaş Turizm Seyahat ve Kargo Taşımacılığı A.Ş.</b>	Havaş Tourism Travel and Cargo Transportation Inc.
<b>HSE</b>	Health Safety and Environment
<b>Kazan Soda</b>	Kazan Soda Elektrik Üretim A.Ş./Kazan Soda Electricity Production Inc.
<b>Park Cam Sanayi ve Ticaret A.Ş.</b>	Park Cam Industry and Trade Inc.
<b>Park Elektrik Üretim Madencilik San. ve Tic. A.Ş.</b>	Park Electricity Production Mining Industry and Trade Inc.
<b>Park Holding A.Ş.</b>	Park Holding Inc.
<b>Park Sigorta Aracılık Hizmetleri Ltd. Şti.</b>	Park Insurance Intermediary Services Ltd. Co.
<b>Park Teknik Elektrik Madencilik Turizm San. ve Tic. A.Ş.</b>	Park Technical Electricity Mining Tourism Industry and Trade Inc.
<b>Ciner Enerji Madencilik Sanayi ve Ticaret A.Ş.</b> <b>(formerly Park Termik Elektrik Sanayi ve Ticaret A.Ş.)</b>	Park Thermal Electricity Industry and Trade Inc.
<b>Nameplate production capacity</b>	Maximum output stipulated by manufacturer
<b>Silopi Elektrik Üretim A.Ş.</b>	Silopi Electricity Production Inc.
<b>Soda ash</b>	Sodium carbonate. Mainly used as a flux in the production of glass, lowering the melting point of silica
<b>The Group</b>	WE Soda Ltd and its subsidiaries
<b>Trona</b>	The raw material which is refined into soda ash. Soda ash, in turn, is used to make glass, paper products, laundry detergents, and many other products. It also is used in the manufacturing of other chemicals, such as sodium bicarbonate (baking soda) and sodium phosphates (detergents).