

İZOCAM TİCARET VE SANAYİ A.Ş.

Financial Report

Unconsolidated

2019 - 2. 3 Monthly Notification

General Information About Financial Statements

Financial Report

Independent Audit Comment

| | |
|---------------------------|--|
| Independent Audit Company | KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. |
| Audit Type | Limited |
| Audit Result | Positive |

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of İzocam Ticaret ve Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying condensed statement of financial position of İzocam Ticaret ve Sanayi Anonim Şirketi (the "Company") as at 30 June 2019, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Turkish Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Hakkı Özgür Sivacı, SMMM

Partner

1 August 2019

İstanbul, Türkiye

Statement of Financial Position (Balance Sheet)

| | |
|--------------------------------|----------------|
| Presentation Currency | TL |
| Nature of Financial Statements | Unconsolidated |

| | Footnote Reference | Current Period 30.06.2019 | Previous Period 31.12.2018 |
|--|--------------------|------------------------------|-------------------------------|
| Statement of Financial Position (Balance Sheet) | | | |
| Assets [abstract] | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 33.667.020 | 23.344.895 |
| Trade Receivables | 7 | 108.651.197 | 121.556.980 |
| Trade Receivables Due From Related Parties | 4 | 1.197.930 | 612.490 |
| Trade Receivables Due From Unrelated Parties | | 107.453.267 | 120.944.490 |
| Inventories | 9 | 73.188.524 | 68.591.596 |
| Prepayments | | 4.822.468 | 3.757.326 |
| Prepayments to Unrelated Parties | | 4.822.468 | 3.757.326 |
| Current Tax Assets | 15 | 155.483 | 110.512 |
| Other current assets | | 14.367.825 | 9.463.001 |
| Other Current Assets Due From Unrelated Parties | | 14.367.825 | 9.463.001 |
| SUB-TOTAL | | 234.852.517 | 226.824.310 |
| Total current assets | | 234.852.517 | 226.824.310 |
| NON-CURRENT ASSETS | | | |
| Other Receivables | | 4.663 | 6.063 |
| Other Receivables Due From Unrelated Parties | | 4.663 | 6.063 |
| Property, plant and equipment | 10 | 152.779.501 | 142.195.664 |
| Land and Premises | | 5.991.310 | 5.991.310 |
| Land Improvements | | 2.301.922 | 2.400.555 |
| Buildings | | 37.168.542 | 37.784.179 |
| Machinery And Equipments | | 86.099.090 | 66.579.021 |
| Vehicles | | 5.488.772 | 6.067.598 |
| Fixtures and fittings | | 2.708.552 | 2.414.868 |
| Leasehold Improvements | | 1.917.669 | 2.067.186 |
| Construction in Progress | | 6.113.027 | 18.890.947 |
| Operational Lease Assets | | 4.990.617 | |
| Intangible assets and goodwill | | 155.104 | 261.213 |
| Other Rights | 10 | 155.104 | 261.213 |
| Prepayments | | 1.230.662 | 1.516.413 |
| Prepayments to Unrelated Parties | | 1.230.662 | 1.516.413 |
| Deferred Tax Asset | 15 | 5.536.365 | 2.113.410 |
| Other Non-current Assets | | 59.248 | 45.248 |
| Other Non-Current Assets Due From Unrelated Parties | | 59.248 | 45.248 |
| Total non-current assets | | 159.765.543 | 146.138.011 |
| Total assets | | 394.618.060 | 372.962.321 |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Current Borrowings | 6 | 67.373.065 | 51.312.500 |
| Current Borrowings From Unrelated Parties | | 67.373.065 | 51.312.500 |
| Bank Loans | | 67.373.065 | 51.312.500 |
| Current Portion of Non-current Borrowings | | 4.166.470 | 1.492.901 |
| Current Portion of Non-current Borrowings from Related Parties | | 0 | 0 |
| Current Portion of Non-current Borrowings from Unrelated Parties | | 4.166.470 | 1.492.901 |
| Lease Liabilities | | 4.166.470 | 1.492.901 |
| Trade Payables | 7 | 78.168.277 | 84.340.724 |
| Trade Payables to Related Parties | 4 | 1.583.318 | 2.242.184 |
| Trade Payables to Unrelated Parties | | 76.584.959 | 82.098.540 |
| Employee Benefit Obligations | | 5.389.878 | 4.713.791 |
| Other Payables | | | 5.292 |
| Other Payables to Unrelated Parties | | | 5.292 |
| Derivative Financial Liabilities | | 2.373.065 | 1.623.295 |
| Derivative Financial Liabilities Held for Hedging | | 2.373.065 | 1.623.295 |
| Deferred Income Other Than Contract Liabilities | | 28.320.629 | 11.555.329 |
| Deferred Income Other Than Contract Liabilities from Unrelated Parties | 8 | 28.320.629 | 11.555.329 |
| Current provisions | | 2.898.755 | 4.152.294 |
| Other current provisions | | 2.898.755 | 4.152.294 |

| | | | |
|---|----|-------------|-------------|
| Other Current Liabilities | | 685.440 | 653.862 |
| Other Current Liabilities to Unrelated Parties | | 685.440 | 653.862 |
| SUB-TOTAL | | 189.375.579 | 159.849.988 |
| Total current liabilities | | 189.375.579 | 159.849.988 |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | | 6.067.748 | 4.104.643 |
| Long Term Borrowings From Related Parties | | 0 | 0 |
| Long Term Borrowings From Unrelated Parties | | 6.067.748 | 4.104.643 |
| Lease Liabilities | 6 | 6.067.748 | 4.104.643 |
| Employee Benefit Obligations | | 17.938.225 | 15.725.166 |
| Other Payables | | 16.972 | 16.972 |
| Other Payables to Unrelated parties | | 16.972 | 16.972 |
| Total non-current liabilities | | 24.022.945 | 19.846.781 |
| Total liabilities | | 213.398.524 | 179.696.769 |
| EQUITY | | | |
| Equity attributable to owners of parent | | 181.219.536 | 193.265.552 |
| Issued capital | 12 | 24.534.143 | 24.534.143 |
| Inflation Adjustments on Capital | 12 | 25.856.460 | 25.856.460 |
| Share Premium (Discount) | | 1.092 | 1.092 |
| Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss | | -7.307.371 | -5.850.632 |
| Gains (Losses) on Revaluation and Remeasurement | | -7.307.371 | -5.850.632 |
| Gains (Losses) on Remeasurements of Defined Benefit Plans | | -7.307.371 | -5.850.632 |
| Restricted Reserves Appropriated From Profits | | 42.711.791 | 42.711.791 |
| Legal Reserves | | 42.711.791 | 42.711.791 |
| Prior Years' Profits or Losses | | 106.012.698 | 90.213.645 |
| Current Period Net Profit Or Loss | | -10.589.277 | 15.799.053 |
| Total equity | | 181.219.536 | 193.265.552 |
| Total Liabilities and Equity | | 394.618.060 | 372.962.321 |

Statement of Profit or Loss and Other Comprehensive Income

| | |
|--------------------------------|----------------|
| Presentation Currency | TL |
| Nature of Financial Statements | Unconsolidated |

| | Footnote Reference | Current Period 01.01.2019 - 30.06.2019 | Previous Period 01.01.2018 - 30.06.2018 | Current Period 3 Months 01.04.2019 - 30.06.2019 | Previous Period 3 Months 01.04.2018 - 30.06.2018 |
|--|--------------------|--|---|--|---|
| Statement of Profit or Loss and Other Comprehensive Income | | | | | |
| PROFIT (LOSS) | | | | | |
| Revenue | 13 | 223.002.846 | 262.603.888 | 121.468.480 | 131.510.727 |
| Cost of sales | 13 | -195.595.843 | -209.725.972 | -103.482.104 | -106.824.190 |
| GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS | | 27.407.003 | 52.877.916 | 17.986.376 | 24.686.537 |
| GROSS PROFIT (LOSS) | | 27.407.003 | 52.877.916 | 17.986.376 | 24.686.537 |
| General Administrative Expenses | 14 | -15.124.518 | -10.617.989 | -7.896.897 | -5.366.719 |
| Marketing Expenses | 14 | -23.703.314 | -28.133.807 | -11.724.870 | -13.865.574 |
| Other Income from Operating Activities | | 8.955.765 | 9.360.897 | 2.831.814 | 5.543.033 |
| Other Expenses from Operating Activities | | -1.845.786 | -3.757.808 | -969.199 | -1.438.702 |
| Other gains (losses) | | -70.082 | -41.967 | -108.871 | 39.822 |
| PROFIT (LOSS) FROM OPERATING ACTIVITIES | | -4.380.932 | 19.687.242 | 118.353 | 9.598.397 |
| Investment Activity Income | | 3.649 | | 3.649 | |
| Investment Activity Expenses | | | -14.651 | | -14.651 |
| PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE) | | -4.377.283 | 19.672.591 | 122.002 | 9.583.746 |
| Finance income | | 444.228 | 206.255 | 117.093 | 18.171 |
| Finance costs | | -9.714.992 | -7.427.079 | -4.258.492 | -3.826.449 |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX | | -13.648.047 | 12.451.767 | -4.019.397 | 5.775.468 |
| Tax (Expense) Income, Continuing Operations | | 3.058.770 | -3.428.172 | 994.756 | -1.549.653 |
| Current Period Tax (Expense) Income | | | -3.406.934 | | -1.699.579 |
| Deferred Tax (Expense) Income | | 3.058.770 | -21.238 | 994.756 | 149.926 |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | | -10.589.277 | 9.023.595 | -3.024.641 | 4.225.815 |
| PROFIT (LOSS) | | -10.589.277 | 9.023.595 | -3.024.641 | 4.225.815 |
| Profit (loss), attributable to [abstract] | | | | | |
| Non-controlling Interests | | 0 | 0 | 0 | 0 |
| Owners of Parent | | -10.589.277 | 9.023.595 | -3.024.641 | 4.225.815 |
| Earnings per share [abstract] | | | | | |
| Earnings per share [line items] | | | | | |
| Basic earnings per share | | | | | |
| Basic Earnings (Loss) Per Share from Continuing Operations | | | | | |
| <i>Sürdürülen Faaliyetlerden Pay Başına Kazanç (Zarar)</i> | | -0,00400000 | 0,00400000 | -0,00100000 | 0,00100000 |
| Diluted Earnings Per Share | | | | | |
| Diluted Earnings (Loss) per Share from Continuing Operations | | | | | |
| <i>Sürdürülen Faaliyetlerden Sulandırılmış Pay Başına Kazanç (Zarar)</i> | | -0,00400000 | 0,00400000 | -0,00100000 | 0,00100000 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Other Comprehensive Income that will not be Reclassified to Profit or Loss | | -1.456.739 | -667.122 | 557.801 | 86.251 |
| Gains (Losses) on Remeasurements of Defined Benefit Plans | | -1.820.924 | -833.902 | 697.251 | 107.814 |
| Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss | 15 | 364.185 | 166.780 | -139.450 | -21.563 |
| Taxes Relating to Remeasurements of Defined Benefit Plans | | 364.185 | 166.780 | -139.450 | -21.563 |
| Other Comprehensive Income That Will Be Reclassified to Profit or Loss | | 0 | 0 | 0 | 0 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | -1.456.739 | -667.122 | 557.801 | 86.251 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | -12.046.016 | 8.356.473 | -2.466.840 | 4.312.066 |
| Total Comprehensive Income Attributable to | | | | | |
| Non-controlling Interests | | 0 | 0 | 0 | 0 |
| Owners of Parent | | -12.046.016 | 8.356.473 | -2.466.840 | 4.312.066 |

Statement of cash flows (Indirect Method)

| | |
|--------------------------------|----------------|
| Presentation Currency | TL |
| Nature of Financial Statements | Unconsolidated |

| | Footnote Reference | Current Period 01.01.2019 - 30.06.2019 | Previous Period 01.01.2018 - 30.06.2018 |
|--|--------------------|---|--|
| Statement of cash flows (Indirect Method) | | | |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | 17.345.549 | -30.094.072 |
| Profit (Loss) | | -10.589.277 | 9.023.595 |
| Profit (Loss) from Continuing Operations | | -10.589.277 | 9.023.595 |
| Adjustments to Reconcile Profit (Loss) | | 9.177.300 | 11.455.542 |
| Adjustments for depreciation and amortisation expense | | 9.104.883 | 7.040.384 |
| Adjustments for Impairment Loss (Reversal of Impairment Loss) | | 0 | 0 |
| Adjustments for provisions | | 783.128 | 889.902 |
| Adjustments for (Reversal of) Provisions Related with Employee Benefits | | 1.966.585 | 1.588.919 |
| Adjustments for (Reversal of) Other Provisions | | -1.183.457 | -699.017 |
| Adjustments for Interest (Income) Expenses | | 2.351.708 | 82.433 |
| Adjustments for Interest Income | | -7.052.232 | -7.331.099 |
| Adjustments for interest expense | | 9.403.940 | 7.413.532 |
| Adjustments for fair value losses (gains) | | 0 | 0 |
| Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method | | 0 | 0 |
| Adjustments for Tax (Income) Expenses | | -3.058.770 | 3.428.172 |
| Adjustments for losses (gains) on disposal of non-current assets | | -3.649 | 14.651 |
| Adjustments for Losses (Gains) Arised From Sale of Tangible Assets | | -3.649 | 14.651 |
| Changes in Working Capital | | 20.376.947 | -46.459.974 |
| Adjustments for decrease (increase) in trade accounts receivable | | 19.445.105 | -11.905.968 |
| Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties | | 19.445.105 | -11.905.968 |
| Adjustments for decrease (increase) in inventories | | -3.787.745 | -15.407.383 |
| Decrease (Increase) in Prepaid Expenses | | -779.390 | -7.688.277 |
| Adjustments for increase (decrease) in trade accounts payable | | -6.177.739 | -7.862.530 |
| Increase (Decrease) in Trade Accounts Payables to Unrelated Parties | | -6.177.739 | -7.862.530 |
| Increase (Decrease) in Employee Benefit Liabilities | | 676.087 | -453.791 |
| Adjustments for Increase (Decrease) in Contract Liabilities | | 0 | 0 |
| Adjustments for increase (decrease) in other operating payables | | -5.764.671 | -2.412.371 |
| Increase (Decrease) in Other Operating Payables to Unrelated Parties | | -5.764.671 | -2.412.371 |
| Increase (Decrease) in Deferred Income Other Than Contract Liabilities | | 16.765.300 | -729.654 |
| Other Adjustments for Other Increase (Decrease) in Working Capital | | 0 | |
| Cash Flows from (used in) Operations | | 18.964.970 | -25.980.837 |
| Payments Related with Provisions for Employee Benefits | | -1.574.450 | -858.060 |
| Income taxes refund (paid) | | -44.971 | -3.255.175 |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | -14.124.277 | -3.828.785 |
| Proceeds from sales of property, plant, equipment and intangible assets | | 60.114 | 1.354 |
| Proceeds from sales of property, plant and equipment | | 60.114 | 1.354 |
| Purchase of Property, Plant, Equipment and Intangible Assets | | -14.184.391 | -3.830.139 |
| Purchase of property, plant and equipment | | -14.184.391 | -3.830.139 |
| Cash advances and loans made to other parties | | 0 | |
| Cash receipts from repayment of advances and loans made to other parties | | 0 | |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | 5.746.452 | 32.936.329 |
| Proceeds from Issuing Shares or Other Equity Instruments | | 0 | 0 |
| Payments to Acquire Entity's Shares or Other Equity Instruments | | 0 | 0 |
| Cash Inflows from Sale of Acquired Entity's Shares or Other Equity Instruments | | 0 | 0 |
| Proceeds from borrowings | | 0 | 0 |
| Repayments of borrowings | | 0 | |

| | | | |
|---|--|------------|------------|
| Interest paid | | -7.030.875 | -3.487.213 |
| Interest Received | | 443.924 | 206.213 |
| Other inflows (outflows) of cash | | 12.333.403 | 36.217.329 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES | | 8.967.724 | -986.528 |
| Net increase (decrease) in cash and cash equivalents | | 8.967.724 | -986.528 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 2.489.406 | 4.451.570 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 11.457.130 | 3.465.042 |

[illegible]

| | | | | | | | | | | | | | | | |
|---|--|--|------------|------------|-------|--|------------|--|--|------------|-------------|-------------|-------------|--|-------------|
| Current Period 01.01.2019 - 30.06.2019 | | | | | | | | | | | | | | | |
| | Decrease through Other Distributions to Owners | | | | | | | | | | | | | | |
| | Increase (Decrease) through Treasury Share Transactions | | | | | | | | | | | | | | |
| | Increase (Decrease) through Share-Based Payment Transactions | | | | | | | | | | | | | | |
| | Acquisition or Disposal of a Subsidiary | | | | | | | | | | | | | | |
| | Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity | | | | | | | | | | | | | | |
| | Transactions with noncontrolling shareholders | | | | | | | | | | | | | | |
| | Increase through Other Contributions by Owners | | | | | | | | | | | | | | |
| | Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied | | | | | | | | | | | | | | |
| | Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied | | | | | | | | | | | | | | |
| | Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied | | | | | | | | | | | | | | |
| | Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied | | | | | | | | | | | | | | |
| | Increase (decrease) through other changes, equity | | | | | | | | | | | | | | |
| | Equity at end of period | | 24,534,143 | 25,856,460 | 1,092 | | -7,307,371 | | | 42,711,837 | 106,012,698 | -10,589,277 | 181,219,536 | | 181,219,536 |