

2022

ANNUAL REPORT



MESSAGE FROM BOARD OF DIRECTORS

To our esteemed Shareholders, Business Partners and Employees,

The year 2022, which we left behind, has left its mark as a very difficult year for the whole world and our country.

The year 2022 has been a year when the effects of the Covid-19 epidemic disappeared. However, it has been a year in which inflationary pressures increased all over the world due to the economic measures taken during the epidemic period. While the economic vitality brought by the postponed demands has begun, the Russia-Ukraine war that broke out on February 24, 2022 spoiled all good expectations.

All these developments have undoubtedly led to an energy crisis by fueling the energy bottleneck, the energy crisis of 2022, which we left behind, has overshadowed even the oil crisis of the 1970s.

In 2022, high inflation all over the world, and especially in Europe, has unfortunately caused regressions in economic indicators that showed signs of recovery after the pandemic. Due to the fact that the increases in the incomes of consumers did not occur in parallel with the inflation, serious decreases were observed in the purchasing power throughout the world and in our country.

This deficit was tried to be eliminated by using domestic sources instead of raw materials that could not be imported from Ukraine due to the Russia-Ukraine war.

Our industry, which exports approximately 40 percent of its production, started 2022 well in terms of both production and export data. In the second six-month period of 2022, the desired sales acceleration and profitability could not be achieved in the second six-month period of 2022 due to the increase in energy prices, the decrease in the purchasing power of consumers and the negative effects of the worldwide recession. The increases in energy prices, which have the highest share in the unit cost items of the sector, affected the costs very seriously, and increased costs necessitated an increase in sales prices. However, with the effect of increasing sales

prices and low exchange rate policy in the export market, it weakened its competitiveness with serious ceramic producing countries such as Spain and India. For this reason, Turkey's ceramic exports in m2 decreased by 19% in 2022 compared to the previous year.

Undoubtedly, the ceramics industry is closely connected with the construction industry. The accelerations and regressions in the construction sector are closely related to the ceramics industry. In domestic market sales, the desired momentum could not be achieved in the construction sector due to the difficulties in accessing credit and the decrease in purchasing power, which led to a slowdown in the supply of new housing.

Considering the export data of ceramic tile materials at the end of 2022, the total export revenues reached 1,907 Billion dollars throughout the country with an increase of 14.4% compared to the previous 2021 year. Although the sector's exports have increased by 65% in the last 5 years, the acceleration of the increase has unfortunately not been parallel to 2021. While the USA, Germany, Israel, England and Belgium were the countries with the highest exports in 2022, the only country with the highest decrease in export value was the UK with a 10% contraction.

Apart from all these developments, another development that closely affected the ceramics industry was the Anti-Dumping investigation concluded by the European Union Commission. An anti-dumping investigation was initiated by the European Union Commission against ceramic manufacturers from Turkey and India. The final decision was announced by the commission on 10 February 2023.

In the decision taken, it was announced that measures were taken at the rates of 0% and 4.8% for domestic producers. While the dumping rate for companies that cooperate with the European Commission within the scope of the investigation was announced as 9.20%, this rate was announced as 20.90% for

companies that did not cooperate. Accordingly, our company, Ege Seramik Sanayi ve Ticaret AŞ, is faced with an additional cost of 9.20% anti-dumping in its sales in the European Union.

As a result of the decision, Turkish manufacturers exporting to the European market will be adversely affected by this development, and it is anticipated that there will be a loss of market and customers.

As Ege Seramik, in the light of our 50 years of experience, we took immediate measures to overcome the crisis that started in 2022 and created road maps. We have tried to minimize these negativities with the actions we have taken on issues related to energy, raw materials and personnel efficiency.

In 2022, unlike the other years, the 50th anniversary of our company, which was established on September 9, 1972, was celebrated, and continuing the 50 years with the same enthusiasm and determination as it has been for 50 years; underlining our vision of transforming innovative production

technologies into national benefit, we shared with the public that we celebrated with pride and honor through the activities we carried out throughout the year.

We express our wish to reach our 50 years of values with the contributions of you, our esteemed shareholders, valuable business partners and employees these days.

We are a very big FAMILY with strong roots, for 50 years, by producing with the POWER and fertility of the soil and providing added value to its country, getting its strength from non-stop WORK, STRONG, RELIABLE and STABLE like the sun that rises all over again, in communication and sharing, EQUAL AND FAIR, in all circumstances, able to turn to the sun by OVERCOMING ALL CHALLENGES, with its employees and business partners, offering UNIQUE, products that beautify COLORFUL LIFE all over the world. "

Best Regards.

Ege Seramik Board of Directors

INDEPENDENT AUDIT REPORT WITH RESPECT TO ANNUAL ACTIVITY REPORT OF BOARD OF DIRECTORS

To: Ege Seramik Sanayi ve Ticaret A.S. General Assembly,

1) Opinion

We have audited the Annual Activity Report of Ege Seramik Sanayi ve Ticaret A.S. ("Company") with respect to the accounting period 1 January 2022 - 31 December 2022.

According to our opinion, the financial information included in the annual activity report of Board of Directors and the inspections performed by the Board of Directors on the condition of the Company, in all its significant parts, is reflecting the truth and in accordance with the full set financial statements audited and the information obtained during independent audit process.

2) The Basis of the Opinion

The audit performed has been carried out in accordance with Independent Auditing Standards ("BDS") as being a part of Turkey Auditing Standards published by Public Oversight, Accounting and Auditing Standards Authority (CMB). Our liabilities within the scope of these Standards have been detailed in the section "Liabilities on the Annual Activity Report of the Independent Auditor on Independent Auditing". We hereby declare that we are independent from the Company pursuant to ethical provisions set forth in Ethical Rules for Independent Auditors published by CMB and the related provisions in the regulation in independent auditing. The liabilities with respect to Ethical Rules and other liabilities on ethics within the scope of regulation have been performed by us. We rely on that the independent audit evidence obtained during the independent auditing

process, forms a sufficient and proper basis for building our opinion.

3) Auditor Opinion On Full Set Financial Statements

We hereby express positive opinion in our audit report dated 01.03.2022 on full set financial statements of the Company arranged for the period 1.1.2022-31.12.2022.

4) Liability of Board of Directors with respect to Annual Activity Report

The managing board of the Company is liable for the following items with respect to the annual activity report, pursuant to Articles 514 and 516 of Turkish Commercial Code (6102-TCC) and Communique on Basis of Financial Reporting in Capital Market" under ref.no. II-14.1 ("Communique") of Capital Markets Board ("CMB").

a) The managing board shall arrange and submit for approval of the general assembly, the annual activity report within the first three months of the subsequent accounting period.

b) The management of the Company shall be liable for the preparation of the annual activity report in reflecting the truth, accurately, directly, realistic and fairly and in compliance with the financial condition, in all respects, within the scope of current year's activity flow. The financial condition in this report, shall be assessed pursuant to financial statements. In this report, also, probable risks against development of the company and that may be encountered shall be indicated expressly. The

assessment hereof by the Board shall also be included within the scope of the report hereon.

c) The activity report shall also include the following items:

- The events occurred subsequent to the end of the financial year and having particular significance for the company,
- Research and Development transactions of the Company,
- Financial interests such as wages, premiums, bonus, allowances, travel, accommodation and representation expenses, benefits in kind and in cash, insurances and similar warrants which are paid to the Board Members and senior managers.

The Board of Directors shall take the secondary legislations carried out by the Ministry of Customs and Trade and related organizations, into account, while arranging the activity report.

5) Liability of Independent Auditor with respect to Annual Activity Report

Our purpose is to present an opinion and arrange a report including our opinion, with regard to the fact that the financial information included in the activity report hereon under provisions set forth in Turkish Commercial Code, and the inspections performed by the Board are reflecting the truth and in compliance with the financial statements of the Company and the information obtained during independent audit process.

The independent audit performed, has been carried out in accordance with Independent Auditing Standards ("BDS"). The standards hereon, require performing by planning to obtain a reasonable assurance on the fact that the independent auditing, financial information included in the financial statements and the inspections audited by the Board by using the information included in the financial statements, are reflecting the truth and in compliance with the financial statements and the information obtained during independent auditing.

As Bağımsız Denetim ve YMM A.Ş.
(Member of NEXIA INTERNATIONAL)

Osman Tuğrul ÖZSÜT
Responsible Auditor

Istanbul, 01 March 2023



► Table of Contents

A- History

1. Milestones

B- General Information on Ege Seramik

1. Vision-Mission-Objectives
2. General Information
3. Information on the Managing Body, Senior Executives and Personnel of the Company
4. Organization, Capital and Shareholding Structure of the Company
5. Benefits to the Members of the Managing Body and Senior Executives of the Company
6. Shareholders
7. Information Policy of Company
8. Web Site and Content of Company
9. Research and Development Activities of the Company
10. Activities of the Company and Important Developments Related to Activities
11. Financial Standing
12. Production
13. Sales
14. Developments in the Sector
15. Our Company's Position in the Sector
16. Stakeholders
17. Amendments Made to the Articles of Association during the Term
18. Related Party Transactions in Year 2022 and Forecasting Report on Widespread and Continuous Related Party Transactions in Year 2022
19. Proposal for the Distribution of Year 2022 Profit
20. Independent Audit Report
21. Financial Statements and Footnotes
22. Corporate Governance Principles Compliance Statement for 2022
 - Corporate Governance Compliance Report for 2022
 - Corporate Governance Information Form for 2022
23. Events After the Reporting Period

A – HISTORY

1. Milestones

- 1972 Ege Seramik was established in Kemalpaşa, İzmir.
- 1973 Production started with a capacity of 300.000 m²..
- 1981 Significant part of stocks were purchased by Mr. İbrahim Polat.
- 1982 Ege İnsaat Malzemeleri Pazarlama A.S. was incorporated in order to carry out sales marketing operations of Ege Seramik.
- 1983 It was incorporated into the İbrahim Polat Holding.
- 1988 Five-year investment program started.
- 1992 Ege Seramik started to be publicly traded at İMKB.
- 1994 Production capacity increased to 16 million m².
- 1995 Production capacity increased to 22 million m².





- 2004 Plant to produce custom-shaped tiles was commissioned.
- 2004 Production capacity increased to 25 million m².
- 2005 Oracle ERP automation system was set up.
- 2009 DIGITILE investment was commissioned.
- 2011 New glazing, sizing and hi-tech nano protective surface machines were purchased.
- 2012 Modernization investment was started to product oversize ceramic tiles.
- 2013 7.Hall Modernization investment was completed and oversize ceramic tiles were started to be produced.
- 2014 The modernization investments have been started at mass preparation facilities with Production Hall No.4.
- 2015 The modernization investments have been completed at mass preparation facilities with Production Hall No.4.
- 2016 By completion of packaging machinery and new glazing machinery installations, ütaken into service.
- 2018 The construction of our new factory store was completed and put into operation. The installation of new press and digital printing machinery was completed and included in production within the scope of modernization investments.
- 2019 The installation of new squaring and machines was completed and put into operation.
- 2020 Modernization and renovation activities were completed and commissioned in our factory general production facility.
- 2021 Press and furnace revisions are carried out and put into operation within the scope modernization and renovation activities.
- 2022 Within the scope of Renovation Activities, furnace and mill revisions were made and commissioned.

B. GENERAL INFORMATION ON EGE SERAMİK

1. Vision-Mission-Objectives

Our Vision;

With the activities we started by using our accumulated knowledge and expertise and developing hereof;

- To become a reliable GLOKAL (Global & Local) actor in ceramic coating markets,
- To reach higher levels of total customer satisfaction,
- Not to act as the producer of each and every segments, to act profit-oriented, to develop ourselves in order to increase our market share and to ensure sustainable growth on incomes,
- To update the sectoral knowledge by implementing the innovations brought by technology world,
- To invest to the future through an environmental sustainability understanding.

Our Mission;

With our products manufactured by international quality standards;

- To provide service to the developing construction sector in our country,
 - To direct the sector with our innovative and creative activities,
- To participate into social projects as much as possible, to the extent the required time and conditions are available,
- By aiming the profitability, to pay respect to the nature and environment as well as the rights of our stakeholders and related parties and to the national/international laws and legislations.

Our Objectives;

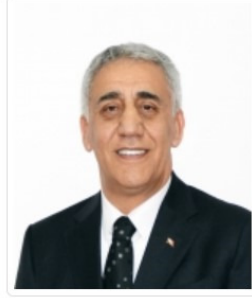
To leave to the future generations a world worth living in without sacrificing quality, contaminating nature and environment, by applying the latest technology, prioritizing customer satisfaction and with innovative approaches exceeding expectations.

2. General Information

Reporting Period	1 January 2022 – 31 December 2022
Company Trade Name	EGE SERAMİK SANAYİ VE TİCARET A.Ş.
Tax Office / Number	Kemalpaşa / 325 005 5424
Trade Registration Number	614 K.Paşa-575
Mersis Number	0-3250-0554-2400011
Headquarters Address	Kemalpaşa O.S.B. Mah. Ansızca San. Sit. Sokak No:297/1 Kemalpaşa/İZMİR
Branch Address	Mecidiyeköy Mah. Büyükdere Cad. Polat Han No:87/A Şişli/İSTANBUL
Field of Activity	Production and sales transactions of ceramic floor and wall tile
Contact Information Telephone	(232) 878 17 00
Branch Telephone	(212) 217 44 90
Fax	(232) 878 12 54
E-mail address	info@egeseramik.com
Kep address	egeseramik@hs01.kep.tr
Web Site	www.egeseramik.com

3. Information On The Managing Body, Senior Executives and Personnel of The Company

a) Board of Directors



Murat Polat

Chairman of Board of Directors



**İbrahim Fikret
POLAT**

Deputy Chairman of Board of Directors



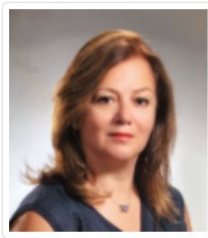
Enver SEVER

Member of Board of Directors



Tola BECER

Independent Member of Board of Directors



Tuba TARLAN

Independent Member of Board of Directors



Siamak JALİLİ

Member of Board of Directors

b) Structure and Formation of the Board of Directors

Operations and management of the Company are implemented by a Board of Directors comprised of 6 (six) people who shall be elected from among the real persons or legal entities whom shareholders shall nominate under the provisions of the Turkish Commercial Code and the Articles of Incorporation of the Company by the General Meeting of Shareholders. In the event that any vacancy occurs in the memberships of the Board of Directors and committees during the term, provisions of the Turkish Commercial Code and the Capital Market Act are applied.

The Independence Statements of the Independent Members of the Board of Directors were announced to the public on the KAP on 30.04.2021, and the said statements can be accessed on our company's website.

Approval is obtained from the General Assembly within the scope of articles 395-396 of the TCC for the Chairman and members of the Board of Directors to perform the transactions within the scope of the company personally or on behalf of others and to become partners with the companies by doing such transactions.

There is no restriction for the Members of the Board of Directors to assume different duties within or outside the group. Although there is no regulation in the company's articles of association regarding the election criteria of the members of the board of directors, our current board members are in line with the principles in the Corporate Governance Communiqué Serial II-17-1 of the CMB. All of our board members meet these criteria.

c) Names of Board of Directors Members

The Board of Directors of the Company was consisted of the following persons in 2022:

Chairman

Murat POLAT

(Non-Executive Member)

Vice Chairman

İbrahim Fikret POLAT

(Non-Executive Member)

Member

Enver Sever

(Executive Member)

Member

Siamak Jalili

(Executive Member)

Independent Member

Tola Becer

(Independent Member)

Independent Member

Tuba TARLAN

(Independent Member)

d) Executive Members of the Board of Directors

Board Member

Enver Sever

Siamak Jalili

e) Background of the Board of Directors Members and the General Manager

Murat POLAT

Murat Polat was born in Istanbul in 1958. After completing his primary education at Işık High School, middle and high school at Yıldız College, he received business administration education in Switzerland. Upon his return to the country, he worked at Polat İnşaat, one of the group companies, and then worked at İzmir Ege Seramik between 1982-1985. Upon his return to Istanbul, he launched the hotel investment project of Polat Turizm Anonim Şirketi affiliated with İbrahim Polat Holding. In the following years, he served as General Manager, Member of the Board of Directors, Deputy Chairman of the Board and Chairman of the Board of Directors in group companies, especially for Polat İnşaat. During the same period, he also served as the Deputy Chairman of the Board of Directors at İbrahim

Polat Holding. He worked as a founding member in various non-governmental organizations. He has implemented many projects on real estate development, construction, ceramics, industry and tourism. Murat Polat is married and has three children and speaks English.

İbrahim Fikret POLAT

He was born in Boston, Massachusetts in 1984. He attended his primary education at Sisli Terakki Junior High School and his high school education at Ata Senior High School. He graduated from the Yeditepe University in 2010. He kept several offices at the group companies of İbrahim Polat Holding during his education. Acting as Vice Chairman and member of the Board of Directors at the group companies, İbrahim Fikret POLAT acts as a member of the Board of Directors of Ege Seramik Sanayi ve Ticaret A.S. since 2011. He speaks English.

Enver Sever

He graduated from Marmara University, Department of Business Administration in 1997. Enver Sever, who started his working life since his university years, started to work as Budget Finance Chief in Ege Pazarlama A.Ş., one of the İbrahim Polat Holding companies, in 1999. In 2006, he was appointed as the Financial Affairs Manager of Polat Maden Sanayi ve Ticaret A.Ş. He served as Financial Affairs Manager and General Manager at Polat Maden, respectively. He was elected as a member of the board of directors of Ege Seramik on March 30, 2022 and still works as a member of the Board of Directors in charge of Operations. Enver Sever, who is married and has two children, speaks English.

Tola BECER

He completed his Industrial Engineering Education in Karlsruhe-Germany between 1972-1979. Germany Siemens A.G. worked. He started to work in the Planning Department of Ege Seramik A.Ş. in 1980 and took on the duties of Planning-Information Processing-Budget Control Manager and Trade Manager, respectively. Represented Ege Seramik at the

Sector Manufacturers Association SERKAP. In 1996, he managed the Sales Planning, Domestic-Foreign Sales, Production Planning, Import, Domestic Purchasing and Information Technology departments at Ege Vitrikiye A.Ş., afterwards, he acted as the Deputy General Manager and represented Ege Vitrikiye A.Ş. in SERSA, the Sector Producers Association. In 1997, he became the General Manager of Ege United Energy A.Ş. and represented the Turkish Energy and Cogeneration Association on the board of directors in the same company. *In 1999, he served as the Deputy Head of Industry Group of İbrahim Polat Holding A.Ş. In 2000, he has been working on Industrial Analysis Center Ltd. in many large and medium-sized organizations - Management Sciences, - Industrial Engineering, - Engineering Management projects and continuous consultancy. Between 2016-2021, he worked on Agile Management in Silicon Valley-USA (Agile - Management Projects). He still manages the Industry Analysis Center Ltd Company and speaks German and English.*

Tuba TARLAN

She has studied in Izmir American College. She graduated from the Ege University Department of Microbiology in 1984. She has completed Yasar University Business Engineering Master Program, as well, in 2016. She respectively worked for Izmir Pamuk Mensucatı T.S.S. Export Department, Ozgur Atermit Sanayi ve Ticaret A.S. Export Specialist, BMC Otomotiv Mamulleri Pazarlama A.S. Export Specialist, Valeo Otomotiv Sistemleri Endustrisi A.S. Sales Specialist. She is still working as General Manager and Partner of Ayda Gıda Ltd. Sti. She is married and speaks English, Italian and French.

Siamak JALİLİ

He graduated from the Faculty of Architecture at the University of Florence in 1987. He worked as Güngör Decoration-Factory Production Manager between 1987-1991, and as Polat Turizm Renaissance Istanbul Hotel-Decoration Purchasing and Implementation Manager between 1991-1993. He worked as a partner of Lombra Architecture between 1993-1999 and Batı Architecture firm between 1999-2004. He served as Ege Seramik

Domestic and Foreign Trade-Marble Department Director between 2004-2007, Ege Seramik Domestic and Foreign Trade-Sales Manager between 2007-2014, and Polat Mining-Sales and Marketing Manager from 2014 to 2022. He is still a member of the Board of Directors of Ege Seramik Sanayi ve Ticaret AŞ and works as the Sales Director. He is married, has two children and speaks Italian, English and Persian.

Nurgün AY

She graduated from Anadolu University Chemical Engineering Department in 1992. In 1994, she completed her master's degree in Eskişehir Osmangazi University, Department of Chemistry and received the title of Chemical Engineer. She entered the ceramics industry in 1995 and started to work as an R&D-Purpose Chief. She continued her career in the ceramics industry with the title of Technology Manager. She started to work as R&D Manager at Ege Seramik A.Ş. in 2006. In 2015, she awarded with the title of Assistant Factory Manager at Ege Seramik AŞ. She was appointed as Factory Manager in 2017. She has been working as the General Manager since 30.11.2022. Nurgün Ay, who is married and has one child, speaks English and Italian.

f) Operating Principles of the Board of Directors

According to the articles of incorporation of the Company, Board of Directors meets whenever it is required by the affairs of the Company. However, it is mandatory for the Board of Directors to hold a meeting minimum once in a month. Board of Directors convenes with minimum 4 members. Decisions of board of directors may be taken with the absolute majority of the meeting participants who participated into the board meeting both physically and over the electronic environment. The meeting form, meeting and decision-making quorums of the board, voting procedures and the duties, rights and powers of the board of directors are governed by the relevant provisions of Turkish Commercial Code and Capital Markets Code. Meetings of the Board of Directors were held and 41 (forty-one) individual resolutions made on various

dates during year 2022. Members are convened for meetings in written and verbal forms through a convocation sent by the secretary of the General Manager.

It is stipulated in the articles "regulating the duties and powers of the Board of Directors" of the articles of incorporation of our Company that the Board of Directors should carry out task division at its very first meeting after their election by the General Meeting of Shareholders. Members of the Board of Directors carry out task division among themselves. They have appointed a General Manager or managers from among themselves or from the outside for the performance of the all or part of the operations of the Company. Members of the Board of Directors do not have any weighted and/or veto rights. Members of our Board of Directors are given the permissions as stipulated in the article 395 regulating the prohibition of doing business with the Company and article 396 regulating the prohibition on competition of the Turkish Commercial Code at the General meeting of Shareholders every year. Resolutions for giving such permissions are included in the items of agenda prior to the meeting.

Board of Directors determines its members or external people whom it authorizes to represent the Company, the limits in which the general manager, managers and officials shall exercise their signatory powers and in what issues and the duration of such powers. Names and limits of power of the members of the Board of Directors and other people who have signatory powers are announced in detail in a circular letter. Although the powers and responsibilities of other the executives are not contained in the articles of incorporation, job descriptions showing powers and responsibilities of all the other employees including the senior executives have been established throughout the Company.

g) Number, Structure and Independence of the Committees Established formed the Board of Directors

Two committees have been formed in accordance with the CMB Series II-17-1 "Corporate Governance Principles":

Due to the structure of the Board of Directors, structures and activities of the currently existing committees are being reviewed within the framework of the provisions specified in Communiqué on Corporate Governance (II-17-1) of the Capital Markets Board and with the participation of two persons among the members of the Board of Directors, the Audit Committee on Inspection and Corporate Governance Committee were formed accordingly. Duties and liabilities under the Early Detection of Risks Committee, Nomination Committee and Wage Appraisal Committee are being performed and fulfilled by the Corporate Governance Committee of our Company.

Audit Committee:

Audit Committee comprised of the independent members of the Board of Directors of our Company consists of non-executive members.

Member of Audit Committee: **Tuba TARLAN**
(Independent Member)

Chairman of Audit Committee: **Tola BECER**
(Independent Member)

Audit Committee meets on quarterly basis and consists of two members. Audit Committee continuously receives information about their duties as stipulated in the legislation and reports to the Board of Directors their views and findings about the financial statements which show the quarterly performance of the Company and which shall be made public.

Corporate Governance Committee:

Corporate Governance Committee members were elected among the members of board of directors during 30.03.2022 dated General Meeting of Shareholders in order to officiate until the next General Meeting of Shareholders to be held and their task distributions were realized on the same date as follows.

Tuba TARLAN

Head of Corporate Governance Committee
30.03.2022-
(Independent Member of Board of Directors)

Tola BECER

Member of Corporate Governance Committee
30.03.2022 -
(Non-executive Member of Board of Directors)

Mehmet BAŞTAŞ

Member of Corporate Governance
30.03.2022 -
(Investor Relations Director)

Within the scope of the assignation carried out in the Board Resolution no. 2022-15 dated 30.03.2022, Corporate Governance Committee undertakes the tasks of;

- Nomination Committee
- Early Detection of Risks Committee, and,
- Remuneration Committee. Early Detection of Risks Committee reviews the risk management systems at least once a year.

Committee members are elected from among those board members who have ability, experience and potential to execute their duties without prejudice.

The internal charters concerning the working rules and principles of the above mentioned committees can be accessed over the internet site of our Company from: www.egeseramik.com.

Corporate Governance Committee has been elected to keep office until the next General Assembly of Shareholders.

The duties included in the "Communiqué on Corporate Governance" of CMB with Serial no II-17-1 pertaining to the **Nomination Committee, Early Detection of Risk Committee and Remuneration Committee** are carried out by the Corporate Governance Committee.

h) Senior Management

Enver SEVER

Member of the Board of Directors in Charge of Operations

He has worked in İbrahim Polat Holding companies since 1999. He was elected as a Member of the Board of Directors on March 30, 2022, and was appointed as the Member of the Board of Directors in Charge of Operations on 03.11.2022.

Aysel HATIPOĞLU

Parent Company İbrahim Polat Holding A.Ş.
Chief Financial Officer-CFO

He graduated from Istanbul University, Faculty of Political Sciences, Department of Public Administration in 1990. He started his career at SMMM Company in 1991. He took charge in the Group of Companies as an Internal Auditor in 1996. He started to work as Internal Auditor within our Parent Company İbrahim Polat Holding in 1997. He worked as Audit Manager, Audit and Corporate Risk Management Manager, CFO Financial Affairs Assistant Coordinator, Audit Group Head respectively within the Holding. He was appointed as the Chief Financial Officer (CFO) of İbrahim Polat Holding in 2021 and is still working in the same position. He holds the SMMM license, KGK Independent Auditor, CMB-Corporate Governance Rating, CMB Level 3 licenses, and is currently responsible for our Company's Investor Relations Department. He is continuing his master's degree in Accounting and Auditing. She is married and has one child, speaks English.

Nurgün AY

General Manager

He joined Ege Seramik as R&D Manager in 2006, and after serving as Factory Assistant Manager in 2015, he was appointed as Factory Manager in 2017. He has been working as the General Manager since 30.11.2022.

İ. Volkan DERİNBAY

Vice Manager

He graduated from Dokuz Eylül University, Department of Industrial Engineering in 2000. He joined Ege Seramik in 2004 as Production Planning Officer. He worked as Production Planning and Logistics Manager between 2005-2020. He has

been appointed as Sales, Logistics and Planning Manager since 2020. He has been working as Assistant General Manager since 30.11.2022.

Mehmet BAŞTAŞ

Investor Relations Director /Finance Director

İbrahim Polat Holding A.Ş. started to work at Ege United Energy A.Ş. on 14.08.2003. He started working as a Commercial Accounting Supervisor at Ege Seramik on 01.01.2008. He worked as Commercial Accounting Chief and Financial Affairs Assistant Manager, respectively. He was appointed as Financial Affairs Manager on 01.01.2021 and he still continues this duty.

Ali Rıza AKLIKLI

Production manager

He graduated from Dumlupınar University Ceramic Engineering Department in 2000. He joined Ege Seramik in 2001. He served as Product Development Officer, Quality Control Chief, Quality Control and Assurance Manager in our company, respectively. He was appointed as Production Manager on 30.11.2022 and still continues this duty. *He is married and has two children, speaks English.*

Nevin ÇİFTÇİOĞLU

IT Manager

She graduated from Ege University Computer Engineering Department in 1988. She joined Ege Seramik in 1992 as Analyst Programmer. She has been working as the IT Manager since 2004. *She is married and has two children, speaks English.*

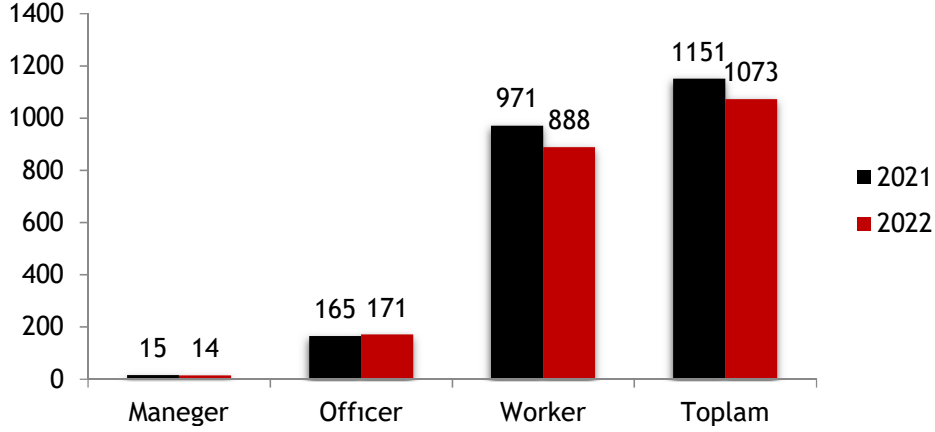
i) Employees

Average number of our employees occurred to be 1,073 in the year 2022. The average age of our employees is 36 and average seniority period is 8 years. Out of the total number of our employees, 13% are university graduates, 8% vocational college graduates, 39% high school graduates and 40% primary school graduates. Out of our administrative staff members, 8% has master's degree, 61% bachelor's degree, 14% are vocational college graduates, 12% high school graduates and 5% primary school graduates.

Employees who are members of a trade union are subject to collective labour contract executed with CIMSE-IS Labour Union.

Average	2021 Year	2022 Year
Number of employees		
Manager	15	14
Officer	165	171
Worker	971	888
Total	1.151	1.073

Avrg. Num. of Personnel



j) No business and competition with the Company

Chairman and members of the Board of Directors may not directly or indirectly carry out any business with the Company on their own or on others' behalf without obtaining permission from the General Meeting of Shareholders. Chairman and members of the Board of Directors have been authorized as per the Turkish Commercial Code by the General Meeting of Shareholders held on 30/03/2022. Members of our Board of Directors did not do any business with any company nor made any attempts which shall compete with the Company in its subjects of activity during the operating year 2022.

4. Organization, Capital and Shareholding Structure of The Company

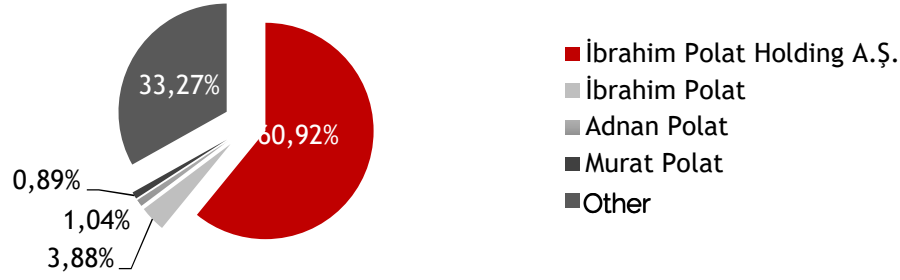
a) Capital : 75.000.000.-TL.

b) Registered Capital : 150.000.000.-TL.

Shareholders	Nominal (TRY)	Share %
İbrahim Polat Holding A.Ş.	45.686.919	60,92%
İbrahim Polat	2.909.876	3,88%
Murat Polat	779.877	1,04%
Adnan Polat	666.088	0,89%
Other (Public)	24.957.240	33,27%
Total	75.000.000	100%



Shareholding Structure of the Company



c) Changes which occurred during the fiscal term

None.

d) Information on privileged shares

Issued capital of the Company is 75.000.000,00 (seventy-five million) Turkish Liras. Such capital is divided into 7.500.000.000 (seven billion five hundred million) shares with a face value of 1,00 (one) kurush each; of such shares, 1.200 (one thousand two hundred) shares are Group A registered shares, 1.800 (one thousand eight hundred) shares are Group B registered shares and 7.499.997.000 (seven billion four hundred ninety-nine million nine hundred ninety-seven thousand) shares are Group C bearer's shares. Pursuant to article 26 of our Articles of Incorporation, upon the deduction of the primary reserve fund and primary dividend from the distributable term's profit, eight percent (8%) of the remaining amount is allocated to the holders of Group A shares and five percent (5%) to the holders of Group B shares.

No privileges are involved as to the voting rights of the holders of privileged shares. Those shareholders of their proxies who are present at the General Meetings of Shareholders are entitled to one vote for each share they hold.

5. Benefits to The Members of The Managing Body and Senior Executives of The Company

Our remuneration policy for the board of directors and senior executives is published on the Company's website. As stated in the articles of association to the Board of Directors; After deducting the first dividend, eight percent of the remaining shares are allocated to Group A shareholders, five percent to Group B shareholders and five percent of the remaining profit is allocated to board members. The proposal of the Board of Directors not to give any share to the members of the Board of Directors from the profit for the year 2021 has been approved and acknowledged at the General Assembly meeting. The Company did not lend any money to any board member and/or executives, lend them any loans, lend a loan under the name of a personal loan through a third party, or provide guarantees such as surety in favor of them.

The General Assembly assigns and determines the attendance fee, the amount of remunerations and the payment dates that can be given to the members of the Board of Directors other than dividends. The principles of remuneration of board members and senior executives are documented in writing.

The Remuneration Policy is presented to the shareholders as a separate item at the General Assembly meeting and shareholders are given the opportunity to express their opinions on this matter. Share options or company performance-based payment plans will not be used for remuneration of independent board members. The remuneration of the independent members of the Board of Directors is determined by the regulations of the Capital Markets Board to maintain their independence.



At the Ordinary General Assembly meeting held on 30.03.2022, it was decided to pay a monthly gross 10,000 TRY attendance fee to the Independent Members of the Board.

Also, health and life insurance is purchased for our senior executives every year. Remuneration and bonus etc. payments have been made to the senior executives in 2022, amounting to TRY 8,663,126.

6. Shareholders

a) Shareholder Relations Function

The following people keep office in the Shareholder Relations Function:

Aysel HATIPOĞLU

Parent Company İbrahim Polat Holding A.Ş.
Head of Financial Affairs Group -CFO
0212 212 00 44
aysel.hatipoglu@polatholding.com

Mehmet BAŞTAŞ

Financial and Administrative Affairs Manager
0232 878 17 00
mbastas@egeseramik.com

Aysel Hatipoğlu, as stated in the CMB's "Corporate Governance Communiqué No. II-17.1, holds the "Capital Market Activities Advanced Level License-211906" and "Corporate Governance Rating Specialist License - 702380" and works as the Chief Financial Officer-CFO of the Parent Company İbrahim Polat Holding A.Ş.

Mehmet Bastas, having "Capital Market Activities Level 1 License-523903", as stipulated in CMB "Corporate Management/Governance Communiqué" with ref.no. II-17.1, is working as fulltime employee in the Company as Financial and Administrative Manager. Besides, is the member of Corporate Management Committee.

Pursuant to the provisions of first sub-clause of the Article 11 of "Communiqué on Corporate Governance" with Serial No: II-17-1 of the Capital Markets Board of which was published in the Official Gazette No. 28871 on 03.01.2014,

the Shareholders Relations Function which provides the communication among our Company and investors has been established directly bound to Board of Directors.

The Shareholders Relations Function submits its report at least once a year for the approval of Board of Directors, with respect to the activities carried out. The activity report of **2022** has been submitted in the Board of Directors Meeting **on 24 February 2023**. As stipulated by the Article 11 of the same Communiqué, the same function also fulfils the Company's obligations arising from the legislation of the Capital Market Act and conducts the coordination of the applications of Corporate Governance Principles. Some of the main activities conducted by the function include the following:

- *Correspondences realized among the Company and investors and to ensure healthy keeping and maintaining of the records related with other information and documents in an updated status,*
- *To perform any procedures related to the capital increase and dividend payment which were carried out in previous years,*
- *To keep the shareholding book in which entries related to shareholders are contained in an orderly, safe and up-to-date manner,*
- *To hold the General Meeting of Shareholders in compliance with the legislation in effect, articles of incorporation and other intra-company regulations,*
- *To prepare the necessary documents that are required to be submitted for the information and examination of the shareholders in relation to the general meeting of shareholders; to take the necessary measures in order to organize the General Meeting of Shareholders in*

compliance with the legislation in effect, articles of incorporation and other intra-company regulations and to send the meeting minutes to the persons who request such,

- *To discuss with authorized personnel and reply any written and verbal request for information related to the Company from shareholders, except any information of confidential and trade secret nature,*
- *Considering the Communiqué serial no. II-15-1 of CMB, to report any necessary Material Disclosures to BIST, PDP and CMB,*
- *To monitor, observe, follow-up of fulfillment of the obligations originating from the Capital Markets legislations, including all kinds of matters related with the corporate governance and public disclosure and to submit such matters into the attention of relevant department of Company.*

During the period between the dates of 01.01.2022-31.12.2022, 19 (Nineteen) applications were filed in the Investment Relations Function by shareholders and the investor companies through various means and were replied by the function.

b) Exercise of the Right to Information by Shareholders

No discrimination is made between shareholders in the exercise of the right to obtain and review information.

Shareholders of Ege Seramik A.S. contact with our Company via telephone and facsimile and communicate their requests for information and their questions. Almost all of the questions asked by investors are related to periodic profit, sales, capital increase, value of stocks and dividend distribution. If the contents of questions are such information which has already been disclosed to the public, such information is also given to the shareholders.

For the purpose of extending the shareholders' right to information, up-to-date information are presented to the use of our shareholders on the web site of our Company, except any information of confidential and trade secret nature. Any developments which may have an effect on the shareholders' exercise of their rights are reported to the Public Disclosure Platform (KAP) in the form of material disclosures.

Request for the appointment of a private auditor has not been regulated as an individual request right in the articles of incorporation of the Company, and the relevant articles of the Turkish Commercial Code are taken into consideration in cases which are not stipulated in the articles of incorporation. No "Request for the Appointment of a Private Auditor" was filed with our Company during 2022.

c) General Assembly Meetings

- An annual general meeting of shareholders was held in 2022. General Meeting of Shareholders for our Company's operations in 2021 was held on March 30, 2022 and the minutes of the meeting is open to inspection by our shareholders on the Central Registration Agency and Web site of our Company.
- No special meeting quorum has been determined for the General Meetings of Shareholders/General Assembly Meetings of our Company and the provisions of the Turkish Commercial Code are applied for the meeting and resolution quorums.
- Notice for meetings was given in accordance with the provisions of the articles of incorporation and the legislation. Notice was given via printed media (notice in a newspaper) and in the form of an electronic notice on the Public Disclosure Platform, Central Registration Agency Electronic General Meeting System and www.egeseramik.com web site.
- At the General Meeting of Shareholders also held via the Electronic General Meeting System, the required meeting quorum was achieved and there were also participants from the personnel and customers as stakeholders. Media did not attend the meeting. Shareholders exercised their right to ask questions at the General Meeting of Shareholders. Replies related to the financial statements and upper limit of donations were given to the shareholders in a verbal manner. There was no request for discussions on any issues other than those included in the notified agenda at the meeting. Those shareholders who attended the General Meeting of Shareholders obtained the activity reports in a printed manner. They could also reach any necessary information via the addresses as given in subparagraph (c) above.
- An item related to donations was added to the agenda at the Annual General Meeting of Shareholders held on 30.03.2022 and the shareholders were informed and requested for

approval of that 300 -TL (Three hundred Turkish Liras) donation has been made in the year 2021. The Board of Directors has entitled to donate with a limit of 50.000.- TRY (Fifty thousand Turkish Liras) for the year 2022, in the General Assembly.

d) Voting Rights and Minority Rights

Pursuant to the articles of incorporation of our Company, those shareholders or their proxies who attend the annual and extraordinary general meetings of shareholders are entitled to one vote for each share they hold, and there are no privileged shares in vote casting. Method of casting votes at the General Meetings of Shareholders is applied pursuant to the provisions of the Turkish Commercial Code and Capital Market Act and relevant regulations.

Those shareholders representing the minority shares constitute the management together with the majority shareholders through their attendance to the General Meeting of Shareholders.

e) Right to Dividend

Pursuant to the articles of incorporation of our Company, upon the deduction of the primary reserve fund and primary dividend from the distributable term's profit, eight percent of the remaining amount is allocated to the holders of Group A shares and five percent to the holders of Group B shares. Other than this, there is no privilege

- Dividend payments for 2021 were made on April 18, 2022.

on dividends. Our Company's Dividend Distribution Policy, Public Disclosure Platform are announced on our web site at www.egeseramik.com.

Pursuant to our financial statements issued for the accounting period of 01.01.2021 - 31.12.2021 of which were issued by our Company in accordance with the provisions of Series: II, 14.1 numbered Communiqué published by the Capital Markets Board and with the International Financial Reporting Standards and which was audited by AS Bagimsiz Denetim ve Y.M.M A.S. trade named auditing company; our Company has earned TRY 262.662.670,00 as profit after tax.

In accordance with the decision of the Board of Directors of our company dated 03.03.2022 and numbered 2022/10; according to our financial statements for the period, 01.01.2021-31.12.2021 prepared by our company in accordance with the provisions of the Capital Markets Board's Communiqué Series: II, 14-1 in accordance with the International Financial Reporting Standards and audited by AS Independent Audit and YMM AŞ; the distribution of the profit of TRY 262.662.670,00 which includes the donations made during the year, was accepted at the Ordinary General Assembly Meeting of the Partners held on 30.03.2022.

Share Group	Cash Profit Share to be Paid to 1 TRY Nominal Value - Gross (TRY)	Cash Profit Share to be Paid to 1 TRY Nominal Value - Net (TRY)
C Group,EGSER(Prev.), TRAEGSER91Fo	2,2598	2.03379
A Group, No Transaction (Preferred), TREETSR00012	1.400.869,17	1.260.782,26
B Group, No Transaction (Preferred), TREETSR00020	583.695,49	525.325,94

f) Transfer of Shares

There is no provision which restricts the transfer of bearer's stocks in the articles of incorporation of the Company. Transfer of the stocks of Groups A and B which are not publicly traded is only valid provided that the Board of Directors consents to the transfer and that such transfer is entered in the shareholding book of the Company.

6. Information Policy of the Company

Our Company has established an information policy as stipulated by the relevant principle decision of the Capital Market Board and by the Material Disclosure Communiqué no. II-15-1.

Our information policy has been published on PDP and is available as an attachment to our activity report and web site of our Company. In case of any request for information by the shareholders; Investment Relations Manager and Financial and Administrative Affairs Manager Mehmet Bastas shall provide such information orally or in writing.

Our Company sent 31 (thirty-one) electronically signed Material Disclosures to the Operational Directorate of Public Disclosure Platform (PDP) system available within the structure of Central Registration Agency (CRA) as per the CMB regulations during 2022. No supplementary disclosures

have been required for the material disclosures given and there has been no sanction applied by CMB, BIST and CRA. Since our stocks are not listed in any stock exchange in abroad, no disclosure has been sent to any stock exchanges other than BIST. Any prospective information and considerations may be disclosed to the people not more than four times provided that assumptions and data on which such assumptions are based shall be disclosed and on condition that it is made under a resolution of the Board of Directors or under the written approval of the person who has been authorized -if such authorization has been granted. Assumptions must be consistent with the financial condition and activity results of the Company. In the event that any forecasts and grounds have not materialized or are found out not to materialize, updated information is made public together with respective reasons.



8. Corporate Web Site and Its Contents

Pursuant to the "Regulation on Web Sites to Be Opened by Equity Companies" published in the Official Journal no. 28663 dated 31.05.2013 under the Turkish Commercial Code, the guidance for the allocation of a certain part of the web site to the notices which must be legally given by the company and to the information society services has been given under the heading "**Information Society Services**" on our web site at www.egeseramik.com.

One may have access to the link: <https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/sirketbilgileri/10832> at this address. General headings of the section available in this section are given below:

- *COMPANY INFORMATION*
- *DOCUMENT IMAGING*
- *Resolution of the general meeting of shareholders regarding amendment to the articles of incorporation of the Company*
- *Income Statement*
- *Cash Flow Chart*
- *Balance Sheet*
- *Equity conversion statement*
- *Convocation for the general meeting of shareholders*
- *Articles of incorporation of the Company*
- *Minutes of the General Meeting of Shareholders*
- *Minutes of the Special Meeting of Preferred Shareholders*
- *Internal Directive*

General headings of the section "Investor Relations" of Company internet site are as follows:

- *ARTICLES OF INCORPORATION*

- *CHRONOLOGY OF ARTICLES OF INCORPORATION*
- *PARTNERSHIP STRUCTURE*
- *HONORARY CHAIRMAN*
- *BOARD OF DIRECTORS*
- *FINANCIAL INFORMATION*
- *FINANCIAL REPORTS*
- *ANNUAL ACTIVITY REPORTS*
- *GENERAL ASSEMBLIES*
- *SPECIAL/MATERIAL DISCLOSURES*
- *CORPORATE GOVERNANCE/MANAGEMENT*
- *INFORMATION POLICY*
- *WAGES/RENUMERATION POLICY*
- *PROFIT DISTRIBUTION POLICY*
- *DONATION POLICY*
- *COMPANY POLICY FOR STAKEHOLDERS*
- *PERSONNEL COMPENSATION POLICY*
- *COMMITTEES*

On the web site of our Company, information is given under headings in English and annual activity reports as well as financial statements and footnotes and indicators are prepared in English within quarterly periods.

9. Research and Development Studies of the Company

In terms of production processes, the Ceramics Industry is among the sectors that need energy the most. The energy crisis caused by the Russia-Ukraine war, which started at the beginning of 2022, has had a negative impact on every sector in the whole world, to a small or large extent. Undoubtedly, one of the sectors that was negatively affected was the ceramics industry, in which our Company is a part. Unfortunately, as a result of the negativities experienced, the manufacturers operating in the sector and the suppliers providing materials have had a negative impact. Although there were problems in the supply of materials such as Ukrainian clay, which were obtained from the regions where the war prevailed, the search for alternative recipes and alternative suppliers was focused on for raw materials and auxiliary materials that could not be obtained.

Unusual increases in energy prices have prompted our Company to increase energy efficiency and search for new sources. Our company supplies the electrical energy it needs with its natural gas power plants. The hikes in natural gas negatively affect electricity costs in this respect. Solar power plant (G.E.S.) feasibility studies have been started in order to reduce the said costs.

In order to reduce the negative impact of increasing transportation prices, R&D activities were accelerated in order to procure raw materials from locations close to our production area, and alternative material researches were carried out from the nearby mines. By making changes in production recipes, cost increases due to freight were disciplined. Latest technologies have been started to be used in R&D studies for product recipe development.

In the light of developments in digital printing technology, new horizons have been opened in new product developments. In this context, prototype R&D activities were accelerated

and continuous cooperation was maintained with machinery and material supply companies.

We participated in the Coverings fair held in Las Vegas, USA between 5-8 April 2022, and our new products were presented to our customers. New products developed with digital printing technology were exhibited at the fair.

Participated in CERSAIE Ceramic Tile and Bathroom National Fair in Bologna, Italy between 26-30 September 2022, and the Autumn 2022 collection - new hexagon shaped series, Mini Tile series, marble and modern designed products were presented to the visitors at the fair.

Our company took its place at the UNICERA International Ceramic Bathroom Kitchen Fair held at Istanbul CNR Expo center between 7-11 November 2022 and had the opportunity to exhibit products enriched with special materials, trendy colorful products and small sizes and decor products.

In addition to the use of digital special material applications on the floors, metal-touched stone and marble-like ceramics were presented to the customers and positive feedback was obtained.

Within the scope of sustainability, transferring declining natural resources to new generations, reducing the factors that harm nature, creating environmentally sensitive processes, reducing the carbon footprint have been the main agenda items of all sectors. Energy, recycling, zero waste policy, increasing efficiency and using domestic resources are of great importance in today's conditions. Within the scope of our R&D activities, we continue our activities without slowing down in order to ensure a sustainable life cycle.



10. Activities of The Company And Important Developments Related to Activities

a) Information on the Investments Made in the Relevant Fiscal Term by the Company

Ege Seramik Sanayi ve Ticaret AŞ spent a total of 68,026,393.-TL for modernization and renewal investments in 2022. Modernization investments within the scope of the Investment Incentive Certificate continue as of the report date.

b) Information on the Internal Audit System and Internal Auditing Activities of the Company and Opinion of the managing Body on the Matter

Our Company is audited as to the compliance of the operations and activities carried out with both legislation and company policies by the Auditing Committee and internal auditors. Auditing Committee regularly meets and audits the company's financial statements and reports subject to/not subject to independent audit, inspects the balance sheet and profit-and-loss accounts, audits their compliance with the accounting principles and standards identified by CMB and submits them to the Board of Directors for approval.

Our company Ege Seramik Sanayi ve Ticaret A.Ş. in accordance with certification procedures and with proof of applications compatible with regulations, based on ISO / IEC 27001: 2013, effective from August 15, 2016, the Company has been awarded with Information Security Management System certificate and has made significant improvements in business processes.

Audits are performed by independent external auditors and the results thereof are directly reported to the senior management of the

company. Remedies are sought for any reported problems through multi-directional communication, and policies established. Corporate Governance Committee; is responsible for early detection of risks that may endanger the existence, development and continuity of the company, taking necessary measures for the identified risks and management of risk, and reviewing risk management systems at least once a year.

c) Strategic Goals of the Company

Our Company follows up any developments and innovations and brings the most advanced technologic investments in the country, creates employment, tries to take its exports further at all times and, most important of all, is aware of the fact that it is a "leading industrial corporation". Our strategic goals are identified by the Board of Directors and our budgets are prepared on annual basis and any developments related to the budget targets are evaluated on monthly basis. Vision and mission of our Company have not been further made public, but disclosed in our activity report as well as in our corporate internet site.

d) Information on Direct and Indirect Affiliates of the Company and Its Share Percentages Therein

	31 December 2022		31 December 2021	
	TL	%	TL	%
Ceramics Research Center	16.000	8,00	16.000	8,00
Total	16.000		16.000	

e) Information on the Own Shares Acquired by the Company

None.

f) Disclosures about Private Audits and Public Audits Performed during the Fiscal Term

Our Company was audited by AS Bağımsız Denetim ve Yeminli Mali Musavirlik A.S. trade named independent audit company for full attestation and independent audits during 2022 activity period.

g) Information on Legal Actions Filed against the Company, Which May Affect the Financial Condition and Operations of the Company and Possible Consequences Thereof

There are no legal actions filed against our Company, which may affect the financial condition and operations of the Company. Provisions for lawsuits in 2022 are provided in the footnotes.

h) Disclosures on the Administrative or Judicial sanctions Applied to the Company or Members of the Managing Body Due to Any Practices Violating the Legislative Provisions

None.



- i) Information and Considerations on Whether or Not Targets Identified in Previous Terms Have Been Achieved, Whether or Not the Resolutions of the General Meeting of Shareholders Have Been Fulfilled and on the Reasons If Targets Have Not Been Achieved and Resolutions Not Fulfilled

All decisions taken in the General Assembly have been fulfilled; The budget targets foreseen in the operating period of 2022 have been achieved.

- j) Information on the Extraordinary General Meeting of Shareholders Including the Meeting date, Resolutions Made at Such Meeting and Actions Taken Thereon If Such a Meeting Was Held during the Year

None.

- k) Information on the Donations and Aids and Expenses Made under Social Responsibility Projects during the Year by the Company

No donations or aids were made by our company in 2022.

In line with our company's environmentally sensitive policies, direct discharge of process water is prevented with the waste water production facility, and waste water treatment plant output values are constantly controlled.

Besides, with the understanding of sustainability, the wastes formed in the intermediate processes are recycled and put into production and the waste disposal is minimized.

Emissions thrown into the atmosphere from the factory chimneys are periodically measured and it is checked whether there is a deviation from the limit values given in the Emission Permit.

Our factory has been awarded with an "ENVIRONMENTAL PERMISSION CERTIFICATE" within the scope of Air Emission and Wastewater Discharge, to be valid from 22.09.2014 to 22.09.2019 by the TR Ministry of Environment and Urbanization. At the end of its term, our responsibilities within the scope of our certificate were fulfilled and the duration of our certificate was extended until 22.09.2024.

In the CE conformity mark activities, the applications are carried out effectively within the scope of (305/2011 / EU) Building Materials Regulation and EN 14411 Harmonized Standard.

There is no lawsuit filed against our company due to environmental damage.

D) If a Company Affiliated to a Group of Companies, Legal Actions Taken with the Holding Company, with a Company Affiliated to the Holding Company, in favour of the Holding Company or any Affiliated Company under the direction of the Holding Company and All Other Measures Taken or Omitted in favour of the Holding Company or Any Affiliated Company Thereof in the Preceding Operating Year

Our Company has prepared its Affiliation Report for year 2022 as required by the Turkish Commercial Code.

Any legal actions taken with the holding company Ibrahim Polat Holding A.S. and with the companies affiliated to the holding company or in favour of the holding company or any company affiliated thereto under the direction of the holding company and all measures taken or omitted in favour of the holding company or any company affiliated thereto in the preceding operating year have been considered in the reports.

Whether or not any counter action has been taken according to the circumstances and conditions known to them once such legal actions or measures were taken or omitted and whether or not such measure taken or omitted has incurred any damages to the Company, if the Company has incurred damages, whether or not this has been compensated has also been addressed in the reports.

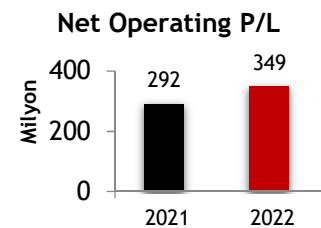
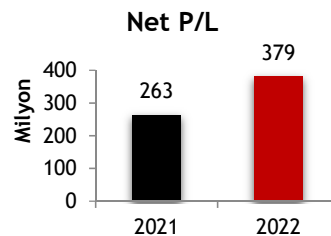
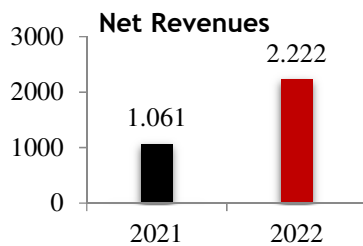
Accordingly, Ibrahim Polat Holding A.S., which is the holding company, has not caused any damages to its subsidiaries and affiliates due to the actions in question. As subsidiaries and affiliates have not incurred any damages, Board of Directors has not compensated for any damages.

11. Financial Status

Issued in accordance with the financial statements issued in compliance with the "Communiqué on Principles Concerning Financial Reporting in the Capital Market" No. II-14.1 of CMB.

Condensed Balance Sheet (TRY)	31 Dec 2021	31 Dec 2022	%
Current Assets	810,937,923	1.198.668.607	47,81%
Fixed Assets	231,956,180	391.887.192	68,95%
Assets	1,042,894,103	1.590.555.799	52,51%
Short-Term Liabilities	374,874,956	711.034.056	89,67%
Long-Term Liabilities	54,711,449	78.329.803	43,17%
Share other than Parent Company	-	-	-
Capital Stock	613,307,698	801.191.940	30,63%
Liabilities	1,042,894,103	1.590.555.799	52,51%
Net working capital	436,062,967	487.634.551	11,83%

Condensed Income Statement (TRY)	31 Dec 2021	31 Dec 2022	%
Net Revenues	1,061,453,089	2.221.752.054	109,31%
Gross Profit	385,781,110	613.589.529	59,05%
Operating Profit	292,071,449	348.765.962	19,41%
Net Profit (-Loss)	262,662,670	379.403.409	44,45%
EBITDA (FAVOK)	317,779,973	383.614.361	20,72%



Financial Ratios	31 Dec 2021	31 Dec 2022	%
Current ratio	2.16	1,69	(22,07%)
Liquidity Ratio	1.67	0,96	(42,22%)
Gross Profit margin	36.34%	27,62%	(24,01%)
Operating Profit Margin	27.52%	15,70%	(42,95%)
Pre-tax Profit Margin	31.81%	14,88%	(53,21%)
EBITDA (FAVOK) margin	29.94%	17,27%	(42,33%)

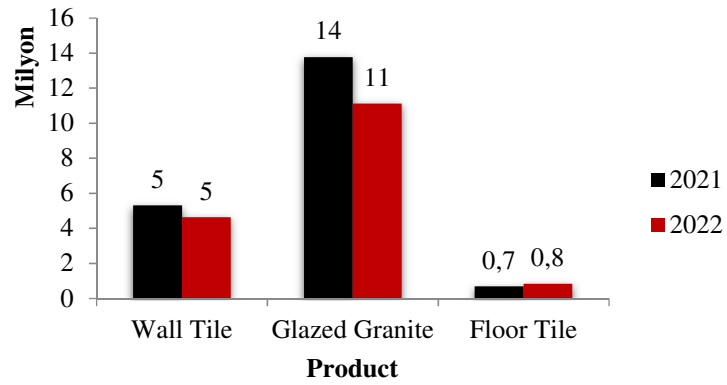
12. Production

Ege Seramik has operated with a 70,21 % capacity utilization in 2022. Our production has decreased by % 16,09 when compared with the previous year 2021, and materialized as 16.567.259 m². Production output, compared to the preceding year was realized as follows.

Production (m ²)	2021	2022	Inc/Dec	%
Wall Tile	5.301.794	4.624.773	(677.020)	(12.77%)
Glazed Granite	13.762.429	11.110.073	(2.652.356)	(19.27%)
Floor Tile	681.024	832.413	151.389	22.23%
Total	19.745.247	16.567.259	(3.177.987)	(16.09%)

Qty m2

Qty of Product



According to the financial statements prepared in accordance with the CMB's "Communiqué on Financial Reporting Principles in the Capital Markets" numbered II-14.1., in 2022, our net sales revenues increased by 109.31% compared to 2022 and amounted to 2,221,752,054 TL

The amount of sales decreased by 19.16% compared to the previous year and was realized as 16,899,967 m². Our sales abroad decreased by 25.81% compared to 2021, and our domestic sales decreased by 9.93% compared to the previous year.

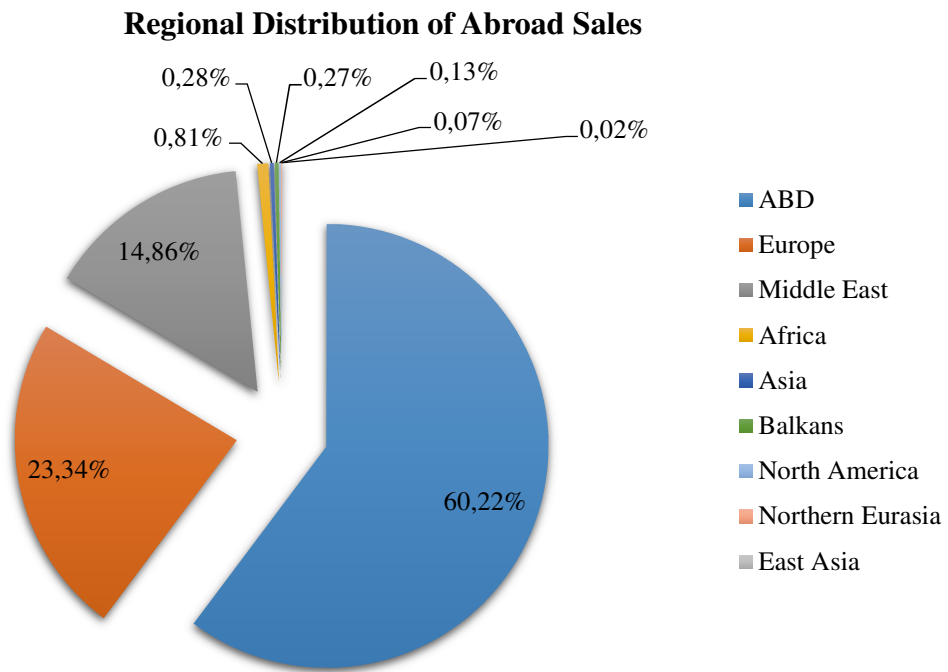
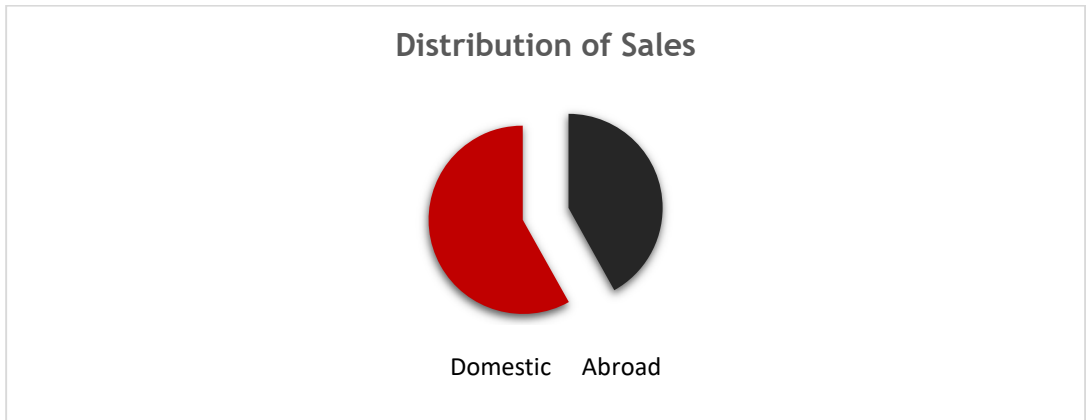
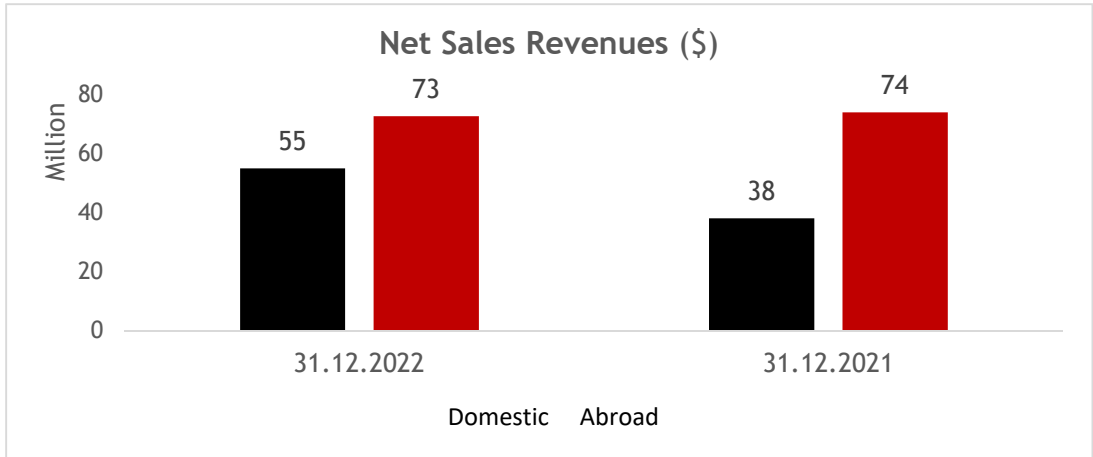
Sales (m ²)	31.12.2021	31.12.2022	Difference	%
Domestic	8.751.999	7.882,782	(869,217)	(9.93%)
Abroad	12.153.807	9,017,185	(3,136,622)	(25.81%)
Total	20.905.806	16,899,967	(4,005,839)	(19.16%)

Net Revenues (TL)	31.12.2021	31.12.2022	Difference	%
Domestic	345.094.759	930.937,563	585,842,805	169.76%
Abroad	716.358.331	1,290,814,491	574,456,160	80.19%
Total	1.061.453.089	2,221,752,054	1,160,298,965	109.31%

Net Gelirler (USD)	31.12.2021	31.12.2022	Difference	%
Domestic	37.978.332	54,981,116	17,002,784	44.77%
Abroad	73.904.379	72,673,759	(1,230,620)	(1.67%)
Total	111.882.711	127,654,876	15,772,165	14.10%

In 2022, our export amounted to 72,673,759 USD.

The markets in which we work with the highest volume abroad are the USA, Israel, England, and Canada, respectively. Exports were made to 57 countries in 2022, and 79.83% of the total revenues abroad were obtained from the USA, Israel, England and Canada.



13. Developments in the Sector

The Sector In Which The Company Operates And Its Place In This Sector

In Turkey and in the world, the basic factors that influence the growth of the ceramic industry is the development of economic growth and construction sector. The growth in the construction sector contributes to the development of the sector as it brings together the "Ceramic Coating Materials" requirement. Also, qualified human resources, R & D and innovation studies in the sector are among other things that affect the development of the sector.

In the world, especially in recent years, in order to gain competitive advantage in the ceramic coating materials sector, the trend towards high value added, quality and creative products has increased, which has accelerated the R&D and innovation activities in the sector.

The domestic producer has a hard time compared to its competitors in both mechanization and innovative products. In Turkey in recent years to ensure competitiveness, the tendency of those who produce ceramic coating materials to products with high added value has increased, and product quality and recognition in the sector have gained importance. This situation has affected the high value-added products positively in terms of its market share and continued to support exports to developed countries. The ceramic tile industry has a significant contribution to the Turkish economy as one of the sectors that uses domestic resources most in exports and has the least dependence on imported products.

Within the scope of current data disclosed on ceramic coating materials; while China, India, Brazil, Spain and Vietnam were among the largest manufacturers, Turkey has taken the 9th place among the largest manufacturers. As for the largest exporters; there being China, Italy, Spain and India; and Turkey has taken its place as 5th.

Production capacities in the ceramic tile group in Turkey have had a significant impact in favor of manufacturers operating in

Turkey due to the negative pressure of the Covid-19 epidemic, especially in European countries, and the anti-dumping and subsidies applied by the United States against the People's Republic of China. In parallel with these developments, Turkish producers have increased their export shares by putting their idle capacities into use or increasing their capacities. Products with high added value in the sector positively affected the total market share and exports to developed countries continued to increase.

Contrary to these positive developments, an anti-dumping investigation was initiated by the European Union Commission against ceramic manufacturers from Turkey and India. The final decision was announced by the commission on 10 February 2023. In the decision, 0% for Vitra Karo Sanayi ve Ticaret AŞ, which was included in the scope of the investigation, 4.8% for Qua Granite ve Hayal Yapi Urunleri San Tic AS, Bien Yapi Urunleri San Tic AS, and for Hitit Seramik Sanayi ve Ticaret AS 20.90% anti-dumping measures were announced. Within the scope of the investigation, the dumping rate was announced as 9.20% for the companies operating in Turkey, in cooperation with our Company, while this rate was announced as 20.90% for the companies that were not. As a result of the decision, Turkish manufacturers exporting to the European market will be adversely affected by this development, and it is expected that there will be a loss of markets and customers.

While the factors affecting the profitability of companies operating in the ceramics industry in Turkey the most are energy prices (natural gas and electricity) and imported inputs needed in the production process, in addition to these items, the increase and decrease in freight prices have a significant place. The ceramic industry, where energy is consumed intensively, is especially sensitive to natural gas prices.

Energy expenditure in ceramic production is up to 50-55% of the cost compared to ceramic sub-industry branches,

Turkey is affected by fluctuations in energy markets and exchange rates, as it is highly dependent on foreign energy production, Compared to other large international producers, Turkey is shown to be in a disadvantageous position in terms of cost competitiveness, especially with developing country producers. In addition, the increase in the exchange rate due to imported raw material input is another pressure factor that increases the costs of the companies and has an effect on the decrease in profitability.

The high rate of use of sea and land transportation in the export of ceramic products and in the transportation of raw materials and products in the domestic market increases the transportation costs due to the increases in freight prices.

Since the high logistics costs in our country reduce the competitiveness of exporting companies, harmonizing all transport services, expanding the railway network, the development of railway transportation between production center-raw material areas-ports are considered important for the sector.

Although there are many incentive mechanisms for the private sector in Turkey, the characteristics of incentives may vary according to sub-sectors, and it continues to gain importance day by day to train the qualified manpower needed by the sector in order to make a difference in the sector and to maintain its competitive power.

In the first six months of 2022, both domestic and international ceramic tile industry activities expanded significantly, while production capacities decreased significantly in the last quarter. Despite all these negative developments, the total export amount of Turkey's ceramic industry increased by 20.1% compared to 2021, reaching the level of 1.907 million USD.

With the effect of increasing costs especially in energy, material and freight prices, there was an increase in the unit m2 prices of foreign exports. As a result of the activities carried out, despite the Russia-Ukraine war, energy bottleneck, disruptions in the supply chain all over the world, and the decline in export

amounts (8.7%), results were above 2021 on the basis of turnover.

(Resource:<https://tim.org.tr/tr/ihracat-rakamlari>)

Within the scope of current data disclosed on ceramic coating materials; while China, India, Brazil, Spain and Vietnam were among the largest manufacturers, Turkey has taken the 9th place among the largest manufacturers. As for the largest exporters; there being China, Italy, Spain and India; and Turkey has taken its place as 5th.

Our company was founded on 09.09.1972, ceramic tile industry in terms of brand awareness in some surveys are among the top two companies in Turkey.

Main Factors Effecting the Performance of the Company

While the factors that most affect the profitability of the companies operating in the ceramic industry in Turkey are energy prices and the imported inputs needed in the production process, in addition to these items, breaks in the supply chain and increasing freight prices and increases in commodity prices all over the world are added. The ceramic industry, where energy is consumed intensively, is particularly sensitive to natural gas prices. Energy expenditure in ceramic production is up to 50-55% of the cost compared to ceramic sub-industry branches; Turkey, since it is highly dependent on foreign energy production, is affected by fluctuations in energy markets and exchange rates, compared to other major international manufacturers Turkey is shown in terms of cost competitiveness among disadvantaged producers, especially in developing countries.

In addition, the increases in the exchange rate due to the input of imported raw materials increase the costs of the companies and put pressure on their profitability.

The high rate of use of sea and land transportation in the export of ceramic products and in the transportation of raw materials and products in the domestic market

increases the transportation costs due to the increases in freight prices.

Since the high logistics costs in our country also reduces the competitiveness of the exporting companies, harmonization of all transportation services, expanding the railway network, developing railway transportation between production center-raw material areas-ports will be beneficial for the sector.

Although there are many incentive mechanism for the private sector in Turkey, may vary according to the characteristics of the sub-sector incentives, in order to make a difference in the sector and retain its competitiveness, raising the qualified manpower it needs continues to gain importance day by day.

Natural gas is undoubtedly the item that has the most significant impact on the cost of ceramic production. As a result of the high rate hikes in the natural gas used in the industry in 2022, the costs of the producers were adversely affected, and the competitiveness of the producers such as India, Spain and Brazil was adversely affected.

Law No. 7338 on 14.10.2021 Amending the Tax Procedure Law and Some Specific Laws;

- With the paragraph (Ç) added to the repetitive article 298 of the Tax Procedure Law with Article 31, taxpayers included in the scope can revalue their depreciable economic assets in periods when the conditions for making inflation adjustments are not met,

- Within the scope of paragraph (Ç) added to Article 298, with the temporary article 32 added to the same Law with article 52. prior to revaluation, taxpayers included in the scope were allowed to revalue their immovables and other depreciable economic assets recorded in their balance sheets as of the end of the previous accounting period.

The company has benefited from this opportunity in its balance sheet dated 31.12.2022, which it has prepared in accordance with the Tax Procedure Law, and has obtained a net asset value of 389 million TL, but this value difference is not shown in the financial statements attached to the report.

14. Our Company's Position in the Sector

Ege Seramik is an up-and-coming corporation distinguished from its competitors thanks to its brand recognition, institutionalized sales channels at home and abroad, infrastructure in information technologies, continuous improvement and product development, resilient production skills, proximity to the port of Izmir, to the Kemalpaşa railroad loading station, its ability to recruit qualified labour due to its proximity to the Metropolitan area and firm financial condition.

a) Our Product Range

Ege Seramik maintained its determinant position both reflecting global trends and shaping the ceramic trends in the domestic market in 2022 as well. The effect of fashion and changes in the sector can be observed very closely in the product portfolio of Ege Seramik. The promise of the brand was revealed at the 2022 Unicera Fair with its decisive and strong position.

Ege Seramik's product portfolio is designed in a way that is fully compatible with the production conditions and to ensure maximum efficiency, while at the same time making maximum contribution to the company's goals. For this reason, the product portfolio is constantly kept alive, dynamic, maintained, and constantly updated through R&D and P&D activities. As a result of the activities carried out in global markets that have been addressed for many years, its rich product portfolio continues to appeal to a wide range of consumers.

b) Marketing and Publicity Studies

Ege Seramik celebrated its **50th anniversary** in 2022. Information was provided to the public through promotional activities, events and organizations made specifically for this year. Ege Seramik has successfully demonstrated its product portfolio by meeting with its current and potential customers through the domestic and international fairs it has participated in.

Activities are planned to be in closer communication with professional audiences such as architects and civil engineers, who are important players in the sector. Social media, mobile application, corporate whatsapp, 3D simulation programs and similar digital promotional tools continued to be actively used for all marketing activities. Dealer and company showrooms were renewed regularly, and the support given to sales points was increased for the correct promotion of products.

Promotions that will reveal the superior aspects of the product portfolio were planned, and the developed strategy was carried to all sales points.

c) Awards and Certificates We Received

- *Certificates We Received* Authorized Economic Operator Statute



Ege Seramik has been the first company in Ceramics, Glass and Land sector, being awarded to Authorized Economic Operator statute within the scope of international position, that is deemed worthy to rare reliable companies in Turkey, performing its customs liabilities in time and accurately, the recording system of which is regular and traceable, having financial ability, safety, transparency and security standards, having ability to perform its own autocontrol, for enabling some facilities and privileges in foreign trade transactions. Thanks to the statute above, our Company has taken advantage such as savings in customs transactions charges and supplying expenses, increasing competitive power by saving time in customs transactions and benefit from privileges enabled to the countries in this statute.

Turquality®



Ege Seramik Sanayi ve Ticaret A.Ş., with the brand of EGE SERAMİK, has been awarded in 2017 to be included into TURQUALITY® supporting program formed to create and place positive Made in Turkey image through the subject brands and to take a global role in the international markets by providing managerial fund of knowledge, institutionalization and development hereof as including all process such as production, marketing, after sales services of the companies having potential to be an international brand by T.R. Ministry of Finance; and its Strategic Business Plan and Development Roadmap approved by Ministry of Economy in 2018

As a result of the end of the first 5 years, the Development Roadmap and Strategic Business Plan were presented to the Ministry of Commerce in 2022 and the second 5 years were approved by the Ministry of Commerce under the TURQUALITY® support program.

Ege Seramik Sanayi ve Ticaret A.Ş. is a company that has contributed to the strengthening of the "Made in Turkey" and Turkey image targeted by the Turquality program for many years. It is a source of pride for Ege Seramik Sanayi ve Ticaret AŞ that our efforts in this direction are supported through a comprehensive and prestigious project by the government such as the Turquality Support Program.

Greenguard



Ege Seramik, by being awarded to obtain GREENGUARD and GREENGUARD GOLD certificates through its sensitivity shown to the environment and human during life cycle of the product by starting from designing process, has been registered, yet again. GREENGUARD and GREENGUARD GOLD certificates given by UL Environment as being an independent audit company, proves that the product is in compliance with the requirements determined in terms of interior air quality.

Since 2017, our products have GREENGUARD and GREENGUARD GOLD certificates. As a result of the application made to UL Environment in 2022, Ege Seramik GREENGUARD and GREENGUARD GOLD Certificates were renewed. Through the certificates above, the products of Ege Seramik have been proved to be healthy and safe to use in interior places, in conclusion to the tests performed against chemical substances more than 10.000. Ege Seramik, acting by environmental consciousness during product life-cycle and by manufacturing products protective for human health; has adopted providing environmental sustainability and leaving a better World to the future generations, as a main principle.



Green Squared is North America's first multi-feature sustainability compliance program developed exclusively for tile and ceramic flooring materials. Ege Seramik Sanayi ve Ticaret AŞ, the first and only in Turkey, has been entitled to receive the Green Squared certificate, which is owned by the few ceramic companies in the world. The effects of products on the environment and society are evaluated and verified. Green Squared covers product characteristics, manufacturing, end-of-life, corporate governance and innovation in an effort to establish sustainability criteria for products throughout their entire lifecycle.

This practice supports the potential for improving the environment and quality of life by encouraging demand and supply for products that have a positive impact on the environment and society. Evaluation of products and applications related to our company is provided by annual reviews by UL Environment Company



Environmental Product Declaration

EPD is the reporting of environmental data according to ISO 14025, based on life cycle assessment (LCA). Ege Seramik Sanayi ve Ticaret AŞ completed its EPD Project in January 2020, and evaluations are made annually by UL Environment, an independent certification body.

Since the sustainability of buildings largely depends on the environmental performance of the materials used, EPD is especially important in terms of documenting the sustainability of buildings and the use of green-sustainable materials. EPD (Environmental Product Declaration) Document, which provides clear information about the content and efficiency of products, is of great importance for materials in the Green Building market.

SASO Quality Mark



As a result of the audit carried out by TSE on 10 October 2019 regarding the SASO Quality Mark requested by the Saudi Arabian Standard Organization (SASO) for exports to Saudi Arabia, Ege Seramik Sanayi ve Ticaret AŞ was entitled to receive the SASO Quality Mark certificate. Annual inspections are carried out by companies authorized by the Saudi Arabian Standard Organization (SASO).

Awards

Award from Aegean Region Chamber of Industry

As Ege Seramik, we have been awarded the first prize by the Aegean Region Chamber of Industry (EBSO) in the field of "Production and Investment in the Soil and Ceramic Products Industry" for both 2019 and 2020.

Award from the Cement, Glass, Ceramics and Soil Products Exporters' Association

In the evaluation made by the Cement, Glass, Ceramics and Soil Products Exporters' Association, our company was awarded as the "3rd Company with the Most Exports" in the category of "Export Champions of the Year 2021 - Ceramic Tile Materials".

Istanbul Chamber of Industry Award

According to the "ISO Turkey's Top 500 Industrial Enterprises Research" of the Istanbul Chamber of Industry in 2021, according to the sales from production criteria, our company ranked 2nd and the 1st among 500 largest industrial enterprises..

Izmir Chamber of Commerce Award

In the evaluation made by the Izmir Chamber of Commerce, our company was awarded the

Gold Medal for its outstanding efforts and achievements in Foreign Exchange Earning Services, for its contribution and successes to the country's economy by declaring High Commercial Income in 2019-2022.

Brand Finance - Turkey's 100 Most Valuable Brands Research

"Turkey's Most Valuable Brands-Turkey 100" research, which has been carried out for 16 years in line with the ISO10668 standard, has been published by Brand Finance. Ege Seramik once again took its place in the list of "The most valuable brands of Turkey" as the only brand of the ceramics industry.

- Certificates

Our Company actively carries out and certifies its practices within the framework of the following national and international standards;

- *TS ISO/IEC 27001 Information Security Management System*
- *TS EN ISO 9001 (TSE -Turkey), DIN EN ISO 9001 (DQS-Germany) Quality Management System*
- *TS EN ISO 9001 Certified by IQ Net*
- *TS EN ISO 14001 Environmental Management System*
- *TS EN ISO 14001 Certified by IQ Net*
- *EN ISO 50001 Energy Management System*
- *TSE Double Star:* This award confirms that Ege Seramik products have properties over those determined in the Standard, by not contenting with the minimum requirements limits.
- *EN 14411 Product Compliance Certificate:* It confirms that our products comply with the ceramic standard, En 14411.
- *GSV (Global Security Verification) :* This is a program established for the

purpose of managing the accreditation methods of manufacturers, importers, transportation companies, customs clearance companies and other companies which may involve into supply chains and complying with C-TPAT system formed in America, as well as for the purpose of ensuring the international cargo security.

Within the scope of this program, Ege Seramik San. ve Tic. A.S. has been audited by an accredited institution on a yearly basis. Our Company's performance within the scope of GSV is above the average of Turkey and worldwide average

- **CE Sign/Mark Activities:** CE Sign points out that the product having CE sign is healthy and safe with respect to human, animal and environment and states the compliance with European Union New Approach Directives. CE Signs are obligatory for ceramic tiles as from the year 2005. Ege Seramik is the first company fulfilling the legal obligation hereon in the sector. In the CE compliance mark activities, practices are maintained within the scope of the Building/Construction Materials Regulation (305/2011/AB) and EN 14411 Harmonized standards.
- Ege Seramik San. ve Tic. A.S.; has also obtained the necessary documents to sell in these countries as a result of the audits of the countries of Israel and France.

d) Projects and Leading Companies Preferring the Ege Seramik Products

Ege Seramik products are located at the sales points of corporate companies.

Important corporate companies such as Halkbank, Köfteci Yusuf, KFC Chicken, Burger King, Yataş, De Facto, Carrefour, Marks & Spencer prefer Ege Seramik products. In 2022, Bim, Karaca and Mado companies have also become brands that prefer Ege Seramik products at their sales points.

e) Our Business Partners

Our domestic sales activities were organized in 2022 over 6 sales regions. In Turkey, sales activities were continued with 135 authorized dealers. The authorized dealer channel has been transformed into a structure that has the ability to sell retail and value-added products, is open to development that can represent the Ege Seramik brand, and aims to offer different and qualified products to the consumer, and productivity has been increased. Marketing supports were provided in line with these targets in 2022.

In the construction market channels, the introduction of two different construction markets and sales of our products in 50 offices across Turkey continues successfully.



Our company has been continuing its export activities uninterruptedly since 1979, competing with major global players in countries defined as "difficult markets" in the sector such as Italy and Spain.

Ege Seramik is a company that carries out all processes accurately from the first stage of production to delivery to the customer and has quality certificates from all countries it exports as well as domestically. In addition, it is the first Turkish ceramics company to hold the status of "Authorized Economic Operator Statute" that only gives reliable companies some convenience and privileges in foreign trade transactions.

Ege Seramik by offering product solutions suitable for all indoor and outdoor spaces from small to large, through its wide color scale in its rich product portfolio, as well as a variety of sizes and patterns; can easily and quickly respond to the tastes and needs of different countries. Thanks to its ability to address such a wide range, in the last 10 years,

it has exported and continues to export Ege Seramik branded products to its customers in more than 90 countries.

15. Stakeholders

a) Information to Stakeholders

Stakeholders are informed of the activities of our Company through material disclosures both at general meetings of shareholders and on electronic media under the public disclosure principles. Such information is given through activity reports and through Central Registration Agency (CRA) - Public Disclosure Platform (PDP). Stakeholders are provided with information on any Company-related issues which concern them.

Information is given through attendance to meetings, sales campaigns, promotions and upon their request. Further, company employees are informed through intranet.

Corporate Governance and Audit Committees have been established with the participation of two of the members of the Board of Directors stakeholders may file written applications with the relevant committees in order to report any operations of the Company which are against legislation and improper in ethical terms. Moreover, those employees who have internal information have been informed of their responsibilities via electronic media and it has been adopted as a policy to receive their written statements as to their responsibilities arising from their possession of internal information and to keep the same in the relevant department.

b) Participation of Stakeholders in Management

No mechanism or model has been established under the Corporate Governance principles for the representation of stakeholders in the Board of Directors. Participation of stakeholders in management is ensured through such instruments as in-house proposals, questionnaires, etc. Practices about the working conditions and rights granted to employees are established

through the agreement reached with the labour union as a result of negotiations. Open door principle has been adopted for the submittal of in-house proposals and requests to the management.

c) Human Resources Policy

Human resources policy of the Company is announced on our web site at www.egeseramik.com. Main principles of our human resources policy have been established as indicated below;

- Efficient usage of the resources as being a leader and global company in the sector,
- Open to change,
- Sensitive to environment, occupational health and occupational safety,
- In compliance with quality standards, continuous development of product and service quality, pursuing and applying technologic developments, in addition to the foregoing to use human resources efficiently as being a company believing the employees' creativity.

Human Resources Principles and Values:

- Determination of human resources qualities,
- Forming and application of systems with respect to election and employment,
- Contribution into the company performance through investment into human resource,
- Providing contribution of Human Resources into management as being a strategic partner,
- Providing satisfied and loyal employees to the company,
- Development of systems encouraging success and creation,

- Providing training opportunities developing the employees' Professional knowledge and abilities,
- Providing access to the knowledge/information required by the employees, as soon as possible,
- Under ethical values, creation of respective and reliable working conditions,
- Maintaining effective and positive relationship with Union,
- Target and result oriented studies,
- Performance of Customer requests and expectations and result oriented studies,
- To become a leading company required to be employed.

In line with our vision and mission, we intend to raise the competence levels of our employees as well. We maintain our efforts in order to be a corporation preferred for qualified work force market, in which right person is evaluated at right job, high performance is encouraged and employees with optimized satisfaction and motivation serve in a team spirit. There is a collective labour contract between the labour union and our Company in order to ensure orderly and efficient working at the workplace, to increase production, to balance the rights and interests of the employer and the employees, to provide work peace through mutual goodwill and confidence, to settle any discrepancies which may arise between the parties through amicable ways, in order to;

- hear the requests and settle employees' complaints related to their jobs and the workplace,
- maintain cooperation, working harmony and work peace between the employer and the employees,
- observe the rights and interests of the employees and the workplace,
- assist in the enforcement of the working terms as stipulated in the labour legislation and collective labour contract, to appoint a union chief representative and three union representatives.

Moreover, the Occupational Health and Safety Committee serves to ensure occupational health and safety with the participation of the

executives, specialists and employee representatives.

Human Resources Implementations:

To select and Placement to the Work

- Our main principle is to employ human resources efficient in bringing Ege Seramik to future, by providing cooperation and loyal to the Company, and to give equal opportunity to everyone in terms of employment. Therefore; we select our employees among the candidates who have capacity to meet the corporate values and business competency. The students who are worked as intern in our Company are among the potential candidates.
- Although our interviews shape according to positions; personality tests, competency assessments and ability examinations may be implemented to the candidates according to circumstances required by position. However, a multiple-stage interview system is applied for providing the candidates to negotiate with the executives with whom they are to work with. In conclusion of all foregoing assessments, the proper candidates are being offered by Human Resources.
- Providing orientation training to the employee who has commenced to work with Ege Seramik, is the part of employment process. The aims of orientation are; to provide information about our company's general work-flow, corporate culture and management systems and to give advice about occupational safety, and to minimize labor turnover by providing orientation to the job through stepping up adaptation process.

Performance Assessment

- It is a process designed to pursue, assess and develop the performances of company employees. Under Ege Seramik; competency and target based performance assessment system be applied once a year towards white collar employees. Based on principle of clarity for the applied performance assessment system; the assessments be

implemented via an objective and systematic structure. The employee and the manager, by keeping together, join to performance interview. Subsequent to assessment of the current year, the targets for the next year are being examined and agreed on.

- The subject system aims at establishing a good communication, cooperation and solidarity between the assessor and the assessee. The targets are being determined from up to down pursuant to general policies of the company. The results of performance assessment are being used for awarding, training planning, career planning and promotion practices.

d) Ethical Rules, Information Security and Social Responsibility

Ethical Principles, Our Company's Ethical Principles are published on our website and announced to the public.

There are ethical rules identified for the Company and its employees by the Board of Directors of the Company. However, we primarily address the health, safety and satisfaction of the employees and all relevant parties and sensitively fulfill our environmental responsibility in all our operations through the effective quality management system under the heading "OUR MANAGEMENT SYSTEMS" on our web site.



Integrated Management System Policy of the Company is announced on our web site at www.egeseramik.com. In this context, applications at our Company are as follows;

ISO 9001 Quality Management System

Ege Seramik holds the TS EN ISO 9001 (TSE-Turkey), DIN EN ISO 9001 (DQS-Germany) Quality System Certificates awarded to those corporations.

achieving international quality in design, product development, production, facility and service. It has been maintaining and continuously improving its applications since 1994 and is the very first corporation receiving the ISO 9001 certificate in the Turkish ceramic sector.

By revision of ISO 9001 Standards; Ege Seramik San. ve Tic. A.S. has entitled to obtain TS EN ISO 9001:2015 (TSE -Turkey), DIN EN ISO 9001:2015(DQS-Germany) Certificate as being the final version of the standard subsequent to audit performed by TSE and DQS Companies in 2017. In the Surveillance Audit carried out in 2020, TSE and DQS decided to continue the documents.

ISO 9001 Standard 2015 Version has mainly amended, and our company's efficient implementations towards the articles as the below annexes; "Corporate Context", "Leadership", "Risk & Opportunity Analysis", "Amendment Planning", "Enterprise Information" are approved by TSE and DQS.

ISO/IEC 27001 Information Security

Ege Seramik Sanayi ve Ticaret A.S. is awarded to hold Information Security Management System certificate in accordance with ISO/IEC 27001:2013 standard, that is to be effective as from 15 August 2016, through its proving itself in applications that are in compliance with the arrangements and towards certification procedures.

Certification audit was carried out by TÜV Tübingen Company on 15.10.2020 and ISO / IEC 27001: 2013 Information Security Management System was re-certified as a result of the audit.

Environmental-Occupational Health and Safety Management System

It is an integral part of our business to take any necessary precautions in order to be able to minimize our negative impacts in the environment during our operations, to guide our employees in occupational health and safety in all departments and take any measures related to occupational health and safety at our workplace for a sustainable future which is open to improvement. Our occupational health and safety committee meets on monthly basis and thus continuity of the safe working environment is ensured. Our Workplace Health Team provides our employees with services on full time basis. Our Company has a fire engine and trained personnel.

By revision of ISO 14001 Standards; Ege Seramik San. ve Tic. A.S. has entitled to obtain TS EN ISO 14001:2015 Certificate as being the final version of

the standard subsequent to audit performed by TSE in 2017.

In the Surveillance Audit carried out on 10-11 September 2020, it was decided to continue the certificate by TSE.

With our activities listed below, we contribute to both the protection of the environment and the country's economy.

- Starting from the designing stage, any necessary precautions are taken in order to consider and minimize any environmental impacts which may arise out of the use of our products at each and every stage of production.
- Packaging wastes are classified within themselves and stored not to cause any damage in the environment and disposed through licensed organizations under the Regulation on the Control of Packaging and Packaging Wastes.
- Any necessary organizations have been made for the recovery of the packaging materials which we launch to the market and recovery of such packaging materials is ensured.
- Our hazardous wastes have been minimized and any waste oil, waste batteries, waste accumulators, packaging wastes contaminated by hazardous wastes which are still in use are forwarded to licensed firms and ensured to be recovered.
- Any treatment sludge treated in the waste water treatment plant is ensured to be reused.
- Water treated in our waste water treatment plant is reused, thus reducing the amount of the discharged water and minimizing our water consumption.
- Resources are used in an effective manner.
- Any components which may cause environmental contamination are identified and brought under control, and such components are prevented by ensuring continuous improvement.
- Scraps and wastes created by the activities we are performing are identified and brought under control, and scraps and wastes are ensured to be used for recycling and those which may not be recycled are disposed through legal ways.

e) General Information Security Policy

We, Ege Seramik Sanayi ve Ticaret A.Ş.; within the scope of Customs and Foreign Trade Transaction such as Marketing, Purchasing Importation, Exportation, Transit, Customs formalities and Electronic Information Assets of the activities such as Logistics, Storage, Accounting, Finance and

Information Processing with respect hereof, with our Information Security Policy to protect the assets herein, hereby undertake the following,

- ✓ To perform national/ international standards in which our Company have responsibility and legal requirements, customer conditions,
- ✓ To protect employability, integrity, confidentiality of information assets/properties and to manage such risks, by being aware hereof,
- ✓ To create high awareness in information security by training activities,
- ✓ To minimize the effect of information security threats that may impress the continuity of the business and to provide maintenance of the business,
- ✓ To provide permanent recovery, by systematically handling information security.

f) Personal Data Protection Policy

Ege Seramik Sanayi ve Ticaret A.Ş.'s personal data protection (KVK) policy has been published on our website. The purpose of our KVK Policy is to process the personal data of Ege Seramik's main shareholder and affiliated companies, affiliates, personnel, shareholders and other third parties in accordance with the regulations of the Personal Data Protection Law No. 6698. The KVK regulations are considered within the scope of disciplinary procedures for quality standards within the activities of the company, penetrating into every field.

g) Our Social Responsibility Policy

Ege Seramik San. ve Tic. A.Ş. is aware of the responsibility of raising social standards as well as providing quality products and services within the framework of corporate social responsibility principles. It behaves sensitive to the needs of the society, taking into consideration the future generations. In this context, the Company aims to contribute to social enrichment by giving donations and social benefits in different fields such as education, environment, sports, culture and arts, primarily in the regions where it operates. Donations and aids made in accordance with corporate responsibility principles are shared with the public in the annual report. Addressing the issues of increasing the health, safety and satisfaction of our employees, Ege Seramik San. ve Tic. A.Ş. with this policy;

- ✓ Maintaining the principles of working in compliance with the ongoing volunteering principle,
- ✓ Not employing child labour in heavy and dangerous works in our Company,
- ✓ Maintaining its respect for labour union membership and collective bargaining rights with the same sensitivity from now onwards,
- ✓ Ensuring the continuation of the safe and hygienic working environment provided through health and safety training organized at regular intervals, inspections and improvements carried out continuously,
- ✓ Paying employees' wages taking the legal requirements and collective labour contracts as a basis,
- ✓ Applying the provisions of the labour legislation and the Collective labour Contract in the determination of working times, not making discrimination by religion, language, race, class, civil status, age, disability, gender, sexual preference, labour union membership and political view in recruitment, training, promotion, dismissal, retirement, etc. and providing equal opportunity to the employees at the same level,
- ✓ Ensuring continuity in employment,
- ✓ We are committed to an approach that aims ensuring working conditions in an environment of respect and trust within the framework of ethical values, as well as compliance with the Labor Law No. 4857 and the relevant legislation on prevention of maltreatment; implementation of the ETI Base Code Standards, to ensure the continuity of the practices, to ensure continuous improvement.

h) Relations with Customers and Suppliers

- The company attaches importance to customer satisfaction in the sales and marketing of goods and services and takes the necessary measures for this.
- The Company takes the necessary measures to establish and maintain relationships with its customers and suppliers, which are providing products and services in accordance with the laws, in accordance with established contractual provisions, and to observe international and sectoral standards in the provision of

goods and services, reviews and renews its processes.

- Information about customers and suppliers is seen within the scope of trade secrets and attention is paid to their privacy.

i) Personnel Severance Policy

Ege Seramik San. ve Tic. A.S., while determining the compensation policy for employees, is based on the Human Resources Policy provisions and the provisions of the Labor Law No. 4857 in force, Article 14 of the Labor Law No. 1475, which has been repealed. The severance and notice indemnity clauses of the Collective Bargaining Agreement are applied when determining and implementing the compensation policy for the employees within the scope of the Collective Bargaining Agreement in our company.

Severance pay; Severance pay is made for the service period of the employee in the company, to employees or, if the employee dies, legal heirs, having at least one year of work in the company and if the employment contract ended according to one of the situations requiring severance pay specified in the provisions of Article 14 of the Labor Law No. 1475, which was repealed with the Labor Law No. 4857. In the number of days subject to severance pay to be paid to employees, Company Regulations; and Collective Labor Agreement is taken as basis for unionized employees.

Notice Priority and Wage; Where the priority of notice should be recognized; according to Article 17 of the Labor Law numbered 4857 or for unionized employees, implementation is made within the principles specified in the Collective Labor Agreement. Also, the wages of the personnel until the end of the notice period can be terminated by paying in cash. In cases where the notification priority is recognized, the personnel are given permission to search for jobs

Within the framework of ethical values, providing working conditions and not allowing ill-treatment in an environment based on respect and trust, in addition to its compliance based on the Labor Law No. 4857 and related regulations, we undertake an approach aiming to fulfill the practices related to ETI Base Code

Standards, ensure their continuity, and continuously improve thereof. Our Values are; Reliability, confidentiality, impartialness, customer and quality orientation, competitiveness, respect for the

environment and human beings, sense of responsibility, transparency and participation.

16. Amendments to the Articles of Incorporation During the Term

None.

17. Related Party Transactions in the Year 2022 and Forecasting Report on Widespread and Continuous Related Party Transactions in the Year 2023

The detailed table concerning the transactions realized with the related parties in year 2022 within the scope of General Communiqué on Corporate Tax includes the transactions with regard to transfer pricing.

The main area of activity of Ege Seramik Sanayi ve Ticaret A.S. consists of manufacturing and sales of wall and floor ceramic tiles. The sales revenues earned by the Company as a result of its overall activities during the period of 01.01.2022- 31.12.2022 is amounted as TRY 2.257.031.419.

Our sales analysis realized in 2022, as total sales; TRY 2.257.031.419 (Domestic Sales TRY 945,669.490 + Export Sales TRY 1.300.414.658 + Other Income TRY 10.947.271.17) and 38,10% of this sales amount consisting of our sales realized with the related parties, has been given in the table.

During the determination of the arm's length price for the activities realized by Ege Seramik Sanayi ve Ticaret A.S., the function/risk/utilized assets analyses were conducted and in the light of the internal precedents, Comparable Uncontrolled Price Method, Cost-Plus Method and Resale Minus Method were selected as the most suitable pricing methods.

Pursuant to the provisions of Article 10 under the heading "Widespread and Continuous Transactions Realized With Related Parties" of the "Communiqué

on Corporate Governance" with Serial No: II-17-1 of the Capital Markets Board of which was published in the Official Gazette No. 28871 on 03.01.2014 and in line with the sales data of our Company during year 2022, the following were forecasted within the scope of financial sales and purchase forecasts report for year 2023 in relation to the Widespread and Continuous Transactions Realized With Related Parties of our Company, namely; EgeseSeramik İç Ve Dış Ticaret A.S. and Ege Seramik America INC. trade named companies. With regard to the total amount of widespread and continuous transactions to be realized with the aforementioned companies within one accounting period, the following matters were forecasted and disclosed to the public as indicated in our annual financial statements as follows;

a) Total of sales to cost ratio occurred according to the final annual financial statements that were disclosed to the public during the purchase transactions of our Company, and plus,

b) Sales to revenue ratio occurred according to the final annual financial statements that were disclosed to the public during the sales transactions of our Company are forecasted to reach up to 10% and more.

In the said Forecasting Report it was examined that whether or not the sales realized by our Company in year 2022 to Ege Seramik İç Ve Dış Ticaret A.S.

and Ege Seramik America INC. trade named companies were reasonable or not when compared with the prices and profit sharing ratios that were applicable to the unrelated third parties. Accordingly, within this scope, we hereby confirm that the conditions and profit sharing ratios applicable for the transactions realized with the

related parties were fair and reasonable within fair market conditions.

18. Proposal For the Distribution of 2022 Profit

In the decision of our Company's Board of Directors dated 10 May 2023 and numbered 2023/25; it is hereby resolved unanimously by the attendees of the meeting that:

- 1) It is stated that 379.403.409,-TL net profit for the period is available in the financial statements for the 01.01.2022-31.12.2022 accounting period, and 264,572,278.85 TL net profit for the period is available in the financial statements for the same period prepared in accordance with the legal records prepared within the framework of the Tax Procedure Law, as audited by As Independent Auditing and Certified Financial Consultancy Inc and prepared in accordance with Turkish Accounting Standards in accordance with the provisions of the Capital Markets Board (CMB) "Communiqué on Financial Reporting Principles in Capital Markets" numbered II-14.1,
- 2) To allocate 13,228,613,94 TL, which corresponds to 5% of the net profit for the period in the legal records, as primary legal reserve,
- 3) Since no donations were made in 2022, the net distributable profit of TL 366,174,795.06 is equal to the net distributable profit for the period with the donations added,
- 4) Within the framework of the Profit Distribution Policy, in order to continue the cash capital increase transactions of our Company, to maintain the operations and cash flow in a healthy way, taking into account the general situation of the country's economy and market expectations, not to distribute dividends to our shareholders, our privileged shareholders, Members of the Board of Directors and our employees,
- 5) The net distributable profit for the period amounting to TL 366,174,795.06, with donations added, is not distributed and transferred to the Extraordinary Reserves account,
- 6) This Board of Directors decision is announced to the public and submitted to the

approval of our shareholders at the Ordinary General Assembly meeting for the year 2022,
7) To announce to the public the 2022 Profit Distribution Table and the Profit Distribution Ratios Table, prepared in accordance with Article 8 of the CMB's Dividend Communiqué numbered II-19.1 and as attached,

19. Independent Audit Report

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
Independent Auditor's Report on Financial
Statements for the Accounting Period
1 January 2021 – 31 December 2021

To the General Assembly of

Ego Seramik Sanayi ve Ticaret A.Ş.

A. Independent Audit of Financial
Statements

1) Opinion

We have audited the financial statements of Ege Seramik Sanayi ve Ticaret A.Ş. (Company), which comprise the statements of financial position as of December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended as of December 31, 2022, and footnotes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year ended on December 31, 2022, in accordance with Turkish Financial Reporting Standards (TFRSs).

2) Basis for Opinion

We conducted our audit in accordance with independent auditing standards published by the Capital Markets Board ("CMB") and the Independent Auditing Standards, which are a part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities under these standards are explained in detail in the "Responsibilities of the Independent Auditor for the Independent Audit of Financial Statements" section of our report. We declare that we are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in

accordance with the IESBA Code. Other ethical responsibilities within the scope of the Code of Ethics and legislation have also been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of the most importance in an independent audit of the current period's financial statements.

Key audit matters have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion on the financial statements, on which we do not express a separate opinion. The matters described below have been identified as key audit matters and reported in our report by us.

Key audit matters How our audit
addressed the key audit matter

Revenue Recognition

The main activity of the Company is to produce floor and wall tiles and to carry out domestic and international sales activities. Revenue is one of the most important indicators in the performance evaluation of the Company.

Revenue is of great importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance, and is an important issue for our audit since it is the most important financial statement item in terms of the income statement for the accounting period ending on 31 December 2022.

Explanations on the Company's accounting policies and revenue amounts are presented in Notes 3.6 and 3.1. In our audit, the following procedures have been applied for the recognition of revenue:

· The revenue process of the Company and the designed procedures related to revenue process have been understood and

operational effectiveness of the controls related to these processes were evaluated.

- The appropriateness of the Company's accounting policy for revenue recognition and compliance with standards have been evaluated,
- Performing analytical procedures regarding whether the revenue recorded in the financial statements is at the expected levels,
- Performing tests with sampling method regarding the accuracy of customer invoices and matching these invoices with the waybills and collections from the customer,
- Examining the sales contracts that the Company has made with customers and evaluating the timing of revenue recognition for different delivery methods,
- Testing the completeness of the revenue by matching the selections made by sampling from the shipping documents with the accounting records and related invoices,
- Reconciliation of sales with selected clients.

4) Responsibilities of Management and Those Charged with Governance Relating to Financial Statements

Company Management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, and for such internal control as management determines 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, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

5) Independent Auditor's Responsibilities Regarding the Independent Audit of Financial Statements

In an independent audit, the responsibilities of independent auditors are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. 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 based on these financial statements.

We use our professional judgment and maintain our professional skepticism throughout the independent audit, as a requirement of an independent audit conducted in accordance with the independent auditing standards published by the CMB and the BDS.

We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

•Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

•Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

•Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among the matters communicated to those charged with governance, we identify the most important matters, namely the key audit matters, in the independent audit of the financial statements of current period.

In cases where the legislation does not allow to disclose the issue to the public, or in exceptional circumstances where the negative consequences of public disclosure are reasonably expected to exceed the public interest of public disclosure, we may decide

not to disclose the matter in our independent auditor report.

B) Other Obligations Arising from the Legislation

The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), was submitted to the Board of Directors of the Company on March 01, 2023.

In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), the Company's bookkeeping system, financial statements and the provisions of the law and the Company's articles of association regarding financial reporting during the accounting period of 1 January - 31 December 2021 are not in compliance. No significant issues were found.

Pursuant to the fourth paragraph of Article 402 of the TCC, the Board of Directors has given us the required explanations within the scope of the audit and the requested documents.

The responsible auditor who conducted and concluded this independent audit is Osman Tuğrul ÖZSÜT.

As Bağımsız Denetim ve YMM A.Ş.
(Member of NEXIA INTERNATIONAL)

Osman Tuğrul ÖZSÜT
Engaged Partner

Istanbul, 01 March 2023

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts are expressed in TRY unless otherwise stated.)

20. Financial Statements and Footnotes

ASSETS	Notes	Current Period	Previous
		Audited	Period
		December 31,	December 31,
		2022	2021
Current Assets			
Cash and Cash Equivalents	53	123.321.469	194.932.014
Trade Receivables	7	414.128.733	379.256.332
<i>Trade Receivables from Related Parties</i>	6	163.006.972	251.400.485
<i>Trade Receivables from Third Parties</i>	7	251.121.761	127.855.847
Other Receivables	9	56.716.821	34.063.057
<i>Other Receivables from Related Parties</i>	6	-	-
<i>Other Receivables from Third Parties</i>	9	56.716.821	34.063.057
Inventories	10	512.716.106	184.989.709
Prepaid Expenses	12	28.188.927	15.849.381
Other Current Assets	28	63.596.551	1.847.430
TOTAL CURRENT ASSETS		1.198.668.607	810.937.923
Fixed Assets			
Financial Investments	4	16.000	16.000
Other Receivables	9	1.076.983	377.998
<i>Other Receivables from Related Parties</i>	6	-	-
<i>Other Receivables from Third Parties</i>	9	1.076.983	377.998
Tangible Fixed Assets	14	266.408.423	191.843.776
Intangible Fixed Assets	17	10.970.041	8.467.091
<i>Other Intangible Fixed Assets</i>	17	10.970.041	8.467.091
Prepaid Expenses	12	117.129	85.188
Deferred Tax Asset	40	113.298.616	31.166.128
TOTAL FIXED ASSETS		391.887.192	231.956.180
TOTAL ASSETS		1.590.555.799	1.042.894.103

The financial statements for the period ending on 31.12.2022 have been approved by the Board of Directors Decision dated 01.03.2023 and numbered 2023/11.

The accompanying explanatory notes are an integral part of the financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts are expressed in TRY unless otherwise stated.)

LIABILITIES	Notes	Current Period	Previous
		Audited	Period Audited
		December 31,	December 31,
		2022	2021
Short Term Liabilities			
Short Term Borrowings	47	269.757.620	13.470.775
Other Financial Liabilities	47	8.373.108	1.928.558
Trade Payables	7	359.953.770	300.341.106
<i>Trade Payables to Related Parties</i>	6	10.469.666	-
<i>Trade Payables to Third Parties</i>	7	349.484.104	300.341.106
Employee Benefit Obligations	27	23.215.325	6.987.763
Other Payables	9	5.834.201	3.421.216
<i>Other Payables to Related Parties</i>	6	431	411
<i>Other Payables to Third Parties</i>	9	5.833.770	3.420.805
Deferred Income (Other than Liabilities Arising from			
Contracts with Customers)	12	32.254.901	8.281.168
Current Tax Liabilities	25	-	32.109.335
Short Term Provisions	25-27	5.557.272	6.219.872
<i>Short-Term Provisions for Employee Benefits</i>	27	2.153.003	1.707.985
<i>Other Short-Term Provisions</i>	25	3.404.269	4.511.887
Other Short-Term Liabilities	28	6.087.859	2.115.163
TOTAL SHORT-TERM LIABILITIES		711.034.056	374.874.956
Long-Term Liabilities			
Other Financial Liabilities	47	3.285.091	2.536.673
Trade Payables	7	-	-
<i>Trade Payables to Related Parties</i>	6	-	-
<i>Trade Payables to Third Parties</i>	7	-	-
Deferred Income (Other than Liabilities Arising from			
Contracts with Customers)	12	1.502.168	-
Long Term Provisions	27	73.542.544	52.174.776
<i>Long-Term Provisions for Employee Benefits</i>	27	73.542.544	52.174.776
<i>Other Long-Term Provisions</i>		-	-
TOTAL LONG-TERM LIABILITIES		78.329.803	54.711.449
EQUITY			
Shareholders' Equity		801.191.940	613.307.698
Paid-in Capital	29	75.000.000	75.000.000
Share Capital Adjustment	29	24.778.008	24.778.008
Share Premium (Discounts)	29	35.838.595	35.838.595
Other Comprehensive Income or Expense not to be			
Reclassified to Profit or Loss	29	24.993.042	19.701.650
<i>Actuarial Gains/(Losses)</i>	29	24.993.042	19.701.650
Restricted Reserves	29	53.450.297	34.145.342
Retained Earnings or Losses	29	207.728.589	161.181.433
Net Profit or Loss for the Period	41	379.403.409	262.662.670
TOTAL EQUITY		801.191.940	613.307.698
TOTAL LIABILITIES		1.590.555.799	1.042.894.103

The financial statements for the period ending on 31.12.2022 have been approved by the Board of Directors Decision dated 01.03.2023 and numbered 2023/11.

The accompanying explanatory notes are an integral part of the financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE PERIOD JANUARY 1, 2022 – DECEMBER 31, 2022
PROFIT / LOSS STATEMENT

(Amounts are expressed in TRY unless otherwise stated.)

		Current Period Audited	Previous Period Audited
PROFIT OR LOSS	Notes	01.01-31.12.2022	01.01-31.12.2021
Sales	31	2.221.752.054	1.061.453.089
Cost of Sales (-)	31	(1.608.162.525)	(675.671.979)
Gross Profit/(Loss) from Main Operations		613.589.529	385.781.110
GROSS PROFIT/(LOSS)		613.589.529	385.781.110
General Administrative Expenses (-)	33	(124.861.277)	(63.568.684)
Marketing Expenses (-)	33	(112.039.983)	(56.782.533)
Research and Development Expenses	33	(10.831.540)	(6.094.886)
Other Income from Operating Activities	34	225.419.711	133.382.499
Other Expenses from Operating Activities (-)	34	(242.510.478)	(100.646.057)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		348.765.962	292.071.449
Income from Investing Activities	35	863.030	2.894.885
Expenses from Investing Activities (-)	35	(8.588.019)	(2.747.992)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSES		341.040.973	292.218.342
Financial Income	37	34.260.978	79.903.138
Financial Expenses (-)	37	(44.660.592)	(34.506.154)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		330.641.359	337.615.326
Tax Expense from Continuing Operations		48.762.050	(74.952.656)
Current Tax Expense	40	(34.693.285)	(69.311.821)
Deferred Tax Income / (Expense)	40	83.455.335	(5.640.835)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		379.403.409	262.662.670
PROFIT/ (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE PERIOD		379.403.409	262.662.670
DISTRIBUTION OF PROFIT/(LOSS) FOR THE PERIOD		379.403.409	262.662.670
Parent Shares		379.403.409	262.662.670
OTHER COMPREHENSIVE INCOME/ (EXPENSE)			
Not to be Reclassified to Profit or Loss			
Actuarial Gains/(Losses)	38	6.614.240	9.673.992
Taxes Related to Other Comprehensive Income not to be Reclassified to Profit or Loss	38-40	(1.322.848)	(2.418.498)
Other Comprehensive Income/(Expense) (After Tax)		5.291.392	7.255.494
TOTAL COMPREHENSIVE INCOME		384.694.801	269.918.164
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME		384.694.801	269.918.164
Parent Shares		384.694.801	269.918.164
Earnings Per Share		0,050587	0,035022
Earnings Per Share from Continuing Operations	41	0,050587	0,035022

The financial statements for the period ending on 31.12.2022 have been approved by the Board of Directors Decision dated 01.03.2023 and numbered 2023/11.

The accompanying explanatory notes are an integral part of the financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE PERIOD JANUARY 1, 2022 – DECEMBER 31, 2022
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts are expressed in TRY unless otherwise stated.)

	Notes	Paid-in capital	Share Capital Adjustment	Share Premiums (Discounts)	Restricted Reserves	Other Comprehensive Income or Expense to be Reclassified to Profit or Loss	Retained Earnings or Losses		Total Equity	
						Actuarial Gains (Losses)	Non-Controlling Interests	Retained Earnings or Losses		Net Profit or Loss for the Period
January 1, 2021		75.000.000	24.778.008	35.838.595	26.441.082	12.446.156	-	149.270.240	96.369.447	420.143.528
Mandatory Adjustments Related to Accounting Policy Changes										
Total Comprehensive Income /(Expense)	29	-	-	-	-	7.255.494	-	-	262.662.670	269.918.164
Other Comprehensive Income (Expense)	29	-	-	-	-	7.255.494	-	-	-	7.255.494
Profit (Loss) for the Period		-	-	-	-	-	-	-	262.662.670	262.662.670
Dividends	29	-	-	-	-	-	-	(76.753.991)	-	(76.753.991)
Transfer	29	-	-	-	7.704.260	-	-	88.665.187	(96.369.447)	-
December 31, 2021		75.000.000	24.778.008	35.838.595	34.145.342	19.701.650	-	161.181.433	262.662.670	613.307.698
January 1, 2022		75.000.000	24.778.008	35.838.595	34.145.342	19.701.650	-	161.181.433	262.662.670	613.307.698
Mandatory Adjustments Related to Accounting Policy Changes										
Total Comprehensive Income (Expense)	29	-	-	-	-	5.291.392	-	-	379.403.409	384.694.801
Other Comprehensive Income (Expense)	29	-	-	-	-	5.291.392	-	-	-	5.291.392
Period Profit (Loss)		-	-	-	-	-	-	-	379.403.409	379.403.409
Dividends	29	-	-	-	-	-	-	(196.799.543)	-	(196.799.543)
Transfer	29	-	-	-	19.304.955	-	-	243.346.699	(262.662.670)	(11.017)
December 31, 2022		75.000.000	24.778.008	35.838.595	53.450.297	24.993.042	-	207.728.589	379.403.409	801.191.940

The accompanying explanatory notes are an integral part of the financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE PERIOD JANUARY 1, 2022 – DECEMBER 31, 2022
CASH FLOW STATEMENT
(Amounts are expressed in TRY unless otherwise stated.)

		Current Period Independent Audited	Previous Period Independent Audited
	Notes	December 31, 2022	December 31, 2021
A. CASH FLOWS FROM BUSINESS ACTIVITIES			
Profit/(Loss) For the Period		379,403,409	262,662,670
Adjustments Regarding Net Profit/(Loss) Reconciliation for the Period		39,527,535	103,645,801
Adjustments Regarding Depreciation and Amortization Expenses	14-17-36	34,848,399	25,708,524
Adjustments for Impairment/(Cancellation)		439	(993)
Adjustments Regarding Inventory Impairment (Cancellation)	10	439	(993)
Adjustments Regarding Provisions		39,501,264	15,169,555
Adjustments Regarding Provisions (Cancellation) for Employee Benefits	25-27	21,812,786	9,929,963
Adjustments Regarding Other Provisions (Cancellations)	7-10-31-40	18,799,442	4,978,465
Adjustments Regarding Litigation and/or Penalty Provisions (Cancellation)	25	(1,221,925)	(199,415)
Adjustments Regarding Free Provisions (Cancellation) for Possible Risks	7	(3,346)	(3,990)
Adjustments Regarding Warranty Provisions (Cancellation)	25	114,307	464,532
Adjustments Regarding Interest (Income) and Expenses		1,964,075	586,813
<i>Adjustments Related to Interest Income</i>	28	<i>(2,151,773)</i>	<i>(552,977)</i>
<i>Adjustments Regarding Interest Expenses</i>	28	<i>4,115,848</i>	<i>1,139,790</i>
Adjustments Regarding Tax (Income) Expense	40	(48,762,050)	74,952,656
Adjustments for Losses (Gains) on Disposal of Fixed Assets		73,895	(2,544,826)
<i>Adjustments Related to Losses (Gains) on Disposal of Tangible Fixed Assets</i>	35	<i>73,895</i>	<i>(2,544,826)</i>
Other Adjustments Related to Profit/Loss Reconciliation		11,901,513	(10,225,929)
Minority Shares	30	-	-
Changes in Working Capital		(433,518,289)	(141,759,647)
Adjustments Regarding Decreases (Increases) in Inventories	10	(328,467,346)	(62,332,155)
Adjustments Regarding Decrease (Increase) in Trade Receivables	7	(39,714,933)	(189,568,689)
Decrease (Increase) in Trade Receivables from Related Parties	6	86,208,093	(118,777,016)
Decrease (Increase) in Trade Receivables from Unrelated Parties	7	(125,923,027)	(70,791,673)
Adjustments Regarding the Decrease (Increase) in Other Receivables Related to Operations	9	(23,352,749)	(11,484,180)
Decrease (Increase) in Other Receivables Related to Operations from Related Parties	6	-	-
Decrease (Increase) in Other Receivables Related to Operations from Unrelated Parties	9	(23,352,749)	(11,484,180)
Adjustments Regarding the Increase (Decrease) in Trade Payables	7	57,086,928	141,553,752
Increase (Decrease) in Trade Payables to Related Parties	6	10,469,666	(72,471)
Increase (Decrease) in Trade Payables to Non-Related Parties	7	46,617,262	141,626,223
Adjustments Regarding the Increase (Decrease) in Other Operating Payables	9	2,408,182	1,559,127
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	20	175
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	9	2,408,162	1,558,952
Decrease (Increase) in Prepaid Expenses	12	(1,830,670)	(7,505,500)
Increase (Decrease) in Payables within the Scope of Employee Benefits	27-29	21,518,954	5,805,530
Provisions for Employee Benefits	27	-	-
Increase (Decrease) in Deferred Revenues (Excluding Customer Contract Liabilities)	12	11,909,546	14,331,336
Adjustments for Other Increases (Decreases) in Working Capital		(133,076,200)	(34,118,869)
Decrease (Increase) in Other Assets Related to Operations	28	(154,034,512)	9,310,658
Increase (Decrease) in Other Liabilities Arising from Operations	25-28	20,958,312	(43,429,528)
Cash Flows from Operations		(14,587,344)	224,548,824
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Outflows from the Purchase of Tangible and Intangible Fixed Assets		(116,103,731)	(49,181,565)
Cash Outflows from the Purchase of Tangible Fixed Assets	14	(107,272,112)	(44,417,811)
Cash Outflows from the Purchase of Intangible Fixed Assets	17	(8,831,618)	(4,763,753)
Cash Inflows from Sale of Tangible and Intangible Fixed Assets		1,571,629	2,865,465
Cash Inflows from Sale of Tangible Fixed Assets		1,571,629	2,865,465
Cash Inflows from Sale of Intangible Fixed Assets		-	-
C. CASH FLOWS FROM FINANCE ACTIVITIES			
Dividends Paid	29	(196,799,543)	(76,753,991)
Cash Inflows and Outflows from Borrowings	47	248,467,026	(6,779,277)
Cash Inflows from Loans	47	248,467,026	(6,779,277)
Cash Outflows Related to Debt Payments	47	-	-
Cash Outflows Related to Debt Payments Arising from Rental Agreements	47	5,841,418	(1,668,751)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES		(71,610,545)	93,030,704
D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(71,610,545)	93,030,704
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		194,932,014	101,901,310
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		123,321,469	194,932,014

The accompanying explanatory notes are an integral part of the financial statements.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

1) ORGANIZATION AND THE CORE BUSINESS OF THE COMPANY

Ege Seramik Sanayi ve Ticaret A.Ş.'s ("Company") field of activity is producing floor and wall tile and selling these products in domestic, abroad market. The Company has been established in September in 1972 and it is a subsidiary Company of Ibrahim Polat Holding A.Ş., which is located in Istanbul with it headquarter.

Company is registered at Capital Market Board (CMB) and its shares effect transactions in Borsa Istanbul A.Ş (BIST) since 1993. As of December 31, 2022, it has 33,27% of its shares registered in BIST (Istanbul Stock Exchange). As of January 01, 2009, the Company makes sales and distribution of its products in domestic market itself and the Company actualizes prominent part of sales and distribution of its products in abroad through its group companies which is Ege Seramik America INC.

As of December 31, 2022, and December 31, 2021, share capital and ownership structure is as follows:

Shareholders	December 31, 2022		December 31, 2021	
	Share Amount	Share Rate	Share Amount	Share Rate
Ibrahim Polat Holding A.Ş.	45.686.918,95	60,92%	45.686.918,95	60,92%
Ibrahim Polat	2.909.876,88	3,88%	2.909.876,88	3,88%
Adnan Polat	666.087,84	0,89%	666.087,84	0,89%
Murat Polat	779.877,41	1,04%	779.877,41	1,04%
Other	24.957.238,92	33,27%	24.957.238,92	33,27%
TOTAL	75.000.000,00	100%	75.000.000,00	100%

As of December 31, 2022, in Company's structure there are 185 white-collar personnel employed (December 31, 2021: 180), 888 blue-collar personnel employed (December 31, 2021: 971) and 1.073 personnel employed in total (December 31, 2021: 1.151)

Company is registered in Turkey; address of the registered office is as follows:

Kemalpaşa O.S.B. Mahallesi Ansızca Sanayi Sitesi Sokak No:297/1 P.K.:35730 Kemalpaşa -İZMİR

2) BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

Accounting Standards

The company maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Turkish Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. In contrast, the attached financial statements are prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") published Public Oversight Accounting and Auditing Standards Authority.

Financial reports and procedures and principles of preparation and presentation of those financial reports are described in Turkish Commercial Code numbered 6102 dated February 13, 2011.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

The financial statements are prepared on the historical cost basis, except for the revaluation of some non-current assets and financial instruments. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

Functional and Presentation Currency

In the presentation of the Financial Statements, "cents are shown by rounding and the currency used is TL. These are the exchange rates announced by the Central Bank of the Republic of Turkey as of 31 December 2022.

Currency Type	31.12.2022		31.12.2021	
	Foreign Currency Assets	Foreign Currency Liabilities	Foreign Currency Assets	Foreign Currency Liabilities
USD	18.6983	18.7320	13,3290	13,3530
EURO	19.9349	19.9708	15,0867	15,1139
GBP	22.4892	22.6065	17,9667	18,0604

Adjustment of Financial Statements in High Inflation Periods

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given on March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/TAS 29" Financial Reporting in Economies with High Inflation" according to the decision given by CMB.

Consolidation Principles

The Company does not have any subsidiaries within the scope of consolidation.

Comparative Information and Correction of Prior Financial Statements

The Group has prepared the comparative statement of financial position as of December 31, 2022 with December 31, 2021, the comparative comprehensive income statement and cash flow statement for the accounting period 1 January 1- 31 December 2022, with 1 January 1- 31 December 2021, comparative shareholder's equity movement for the accounting period 1 January 1- 31 December 2022, with 1 January 1- 31 December 2021.

a. Changes in accounting policies

If the change in accounting policies is applied retrospectively, the Group must adjust the opening balance of each affected equity item in the financial statements for the earliest period and present comparable information to previous periods as if the new accounting policy had been applied in the past. If the change in accounting policy requires retrospective application but the effect of the change cannot be determined on a period-specific or cumulative basis, retrospective application may not be applied.

b. Changes in Accounting Estimates and Errors

If the impacts of changes in the estimation of accounting cause alterations on asset, foreign source, or equity components, it is necessary to rectify the book value of foreign sources and equity components in the period that the changes have been made.

Reflecting the changes in the accounting forecast to the financial statements by considering the future means that changes are implemented on events and conditions after the date of change.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Prior period errors are corrected by retrospective rearrangement, except when the period-specific or cumulative impacts cannot be calculated.

In preparation of the financial statements, the Company management is required to make estimates and assumptions which determine the amounts of assets and liabilities, determine possible liabilities and commitments as of balance sheet date and income and expense amounts as of reporting period. Actual results may differ from estimates and assumptions. These estimates and assumptions are reviewed regularly, and necessary corrections are made and reflected in the results of the related period.

The fundamental estimates used are related to the economic lives and provisions of the main tangible and intangible assets.

c. Going Concern

The Company's financial statements are prepared according to the basis of going concern principle.

d. Offsetting

Financial assets and liabilities are presented net when the required legal right is present, they have the intention to pay the said assets and liabilities on a net basis or if the intention is to realize the assets simultaneously and fulfill the obligations.

e. Comparative information and rectification of previous term financial statements

The financial statements of the Company have been prepared comparatively with the prior period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are explained.

In addition to the following alterations, the Company has applied consistent accounting policies in the financial statements of the Company for the periods presented and has no material changes in the accounting policies and estimates in the current period.

TAS Amendments and interpretations in the standards

TAS - IFRS Amendments

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022, are consistent with those of the previous financial year. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as of January 1, 2022, are as follows:

Amendments to TFRS 3 Reference to the Conceptual Framework

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Changes and interpretations of standards that have not yet come into force and existing previous standards.

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 – Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The Group evaluates the effects of these standards, amendments, and improvements on the consolidated financial statements.

f. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash can be implied as cash and demand deposit in the Company and cash equivalent can be implied as short-term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes. (Note:53)

Trade Receivables

Trade receivables that are originated from the Company are carried at amortized cost using the effective interest method. Short-term trade receivables with no specific interest rate are measured at invoice amount unless the effect of imputing interest is significant. (Note:7)

In the event that there is a situation that indicates that the Company will not be able to collect the amounts due, the risk provision for trade receivables is established. The amount of this provision is the difference between the recoverable amount of the receivable and the recoverable amount. The collectible amount is the discounted value of all cash flows, including amounts recoverable from guarantees and guarantees, based on the original effective interest rate of the trade receivable. (Note: 7)

If the amount of the impairment decreases due to loss, the mentioned amount is reflected to the other income in the current period.

The average collection period of the trade receivables arising from the sales carried out by the Company within the scope of the main activity subject is 90-120 days.

When the Company has objective evidence regarding non possibility of collecting, there is a provision for doubtful receivables. Objective evidence are the receivables that are in the case or execution phase, the buyer's case of having significant financial challenge, the buyer's case of being in default or existence of the possibility of encountering with significant and unpredictable delay. The recoverable amount is the value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the trade receivable. In addition to this, since the Company does not include an important financing component that is recognized at amortized cost in the financial statements, the Company uses the provisioning matrix by selecting the simplified application for the impairment calculations.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses for a lifetime if the trade receivables are not impaired for certain reasons. In the calculation of the expected loan losses, the Company's future forecasts are taken into consideration along with the past loan loss experiences.

In case of collection of doubtful receivables against the amount of doubtful receivable, in case of collection of all or part of the doubtful receivable amount, the amount collected is recorded as income in the income statement by deducting from the provisioned doubtful receivable. (Note 27).

Related Parties

The Company will consider as a related party if any of the conditions below is met.

- a) If the party directly or indirectly with one or more agent:
 - i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries, and subsidiaries at the same line of business).
 - ii) Has share which allows it to have big impact on the Company; or
 - iii) Has common control on the Company.
- b) If the party is an affiliate of the Company.
- c) If the party is a joint venture where the Company is party;
- d) If the party is a member of the key personnel in the Company or Company's main partnership.
- e) If the party is a close family member of any person mentioned in the a or d parts.
- f) Parties; (b) an entity in which it is controlled, jointly controlled, or under significant influence, or any person referred to in (d) or e) has a direct or indirect significant voting right or
- g) Employees of the entity, business, or entity associated with the business must have the benefit plans provided after dismissal.

Financial Instruments

Financial Assets

Classification and Measurement

The company classifies its financial assets into three parts. Financial assets that are accounted from the amortized cost amount, financial assets whose fair value reflected to the income statement, financial assets whose fair value change reflected to the profit or loss. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Company makes the classification of its financial assets on the date of purchase.

Financial assets measured at amortized cost are financial assets that are held within the scope of a business model that aims to collect contractual cash flows and that have cash flows that include interest payments from principal and principal balances on certain dates at contract dates, that are not traded in an active market and that are not derivatives. Financial assets that are accounted for at amortized cost include cash and cash equivalents and trade receivables. The related assets with their fair values in the initial recognition of financial statements; in subsequent accounting, it is measured at amortized cost using the effective interest rate method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss other than financial assets at fair value through profit or loss. Gains and losses arising from the valuation of such assets are recognized in the income statement.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Financial assets at fair value through profit or loss are financial assets where cash flows are included in a business model that aims to collect contractual cash flows and sell financial assets, and which include interest payments from principal and principal balances on certain dates. Gains or losses arising from the related financial assets are recognized in other comprehensive income, except for impairment losses or gains and losses. In case of sale of such assets, the valuation differences classified in other comprehensive income are classified as prior years' profits.

For investments in equity-based financial assets, the Company may irrevocably choose the method of reflecting subsequent changes in the fair value of other comprehensive income to the financial statements for the first time. In the event that such preference is made, dividends received from related investments are recognized in the income statement. The Company does not have any equity based financial assets.

Loans and Receivables

Commercial and other receivables and loans with fixed and determinable payments that are not quoted in the market are classified in this category. Loans and receivables are measured at amortized cost using the effective interest method. (Note:7)

Financial Liabilities

The Company's financial liabilities and equity instruments are classified according to the nature of the contractual arrangements and the definitions of a financial liability and an equity instrument. After deducting all of its liabilities, the contract representing the right in the Company's assets is an equity instrument. The accounting policies applied for some financial liabilities and equity instruments are as follows.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and revalued at their fair value in the financial statements at each reporting date. Changes in fair values are recognized in the income statement. The net gain or loss are recognized in the income statements includes the amount of interest paid for the financial liability.

b) Other Financial Liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

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

Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

The cost of inventories covers all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. In cases where impairment of inventories is no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

Tangible Assets

Tangible assets are reflected to financial statements according to their acquisition date: If they are acquired before January 1, 2005, they will be stated on acquisition cost, which are rearranged with buying strength of TRY on December 31, 2004, and if they are acquired after January 1, 2005, they will be stated with its acquisition cost after the deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation. There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. The estimated useful lives of such assets are as follows:

Tangible Fixed Assets

Land improvements	8-50 years
Buildings	50 years
Machinery and equipment	4-15 years
Vehicles	5 years
Fixtures	3-15 years
Specific costs	Minimum of lease term (in days) or useful life

If book value of an asset is bigger than the recovered value of this asset, book value of this asset can be discount to its recovered value. Recovered value of an asset is bigger than net sales price or value at use. Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and reflected in the relevant income and expense accounts in the current period.

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life. (Note: 14)

Intangible Assets

Intangible assets consist of acquired rights, information systems, computer software, development activities and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below:

Intangible Fixed Assets

Softwares	3 years
Other Intangible Fixed Assets	3-5 years

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Leasing Transactions

Operational Leasing Transactions

Lease contracts where all the risks and benefits of renting property in the hands of the lessee are known as operational leasing. For an operational lease payment, during the rental period will be recorded as expenses according to the direct method.

Investment Properties

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be recorded as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at

the date of completion of rehabilitation and construction works. Asset at this date becomes a property for investment purposes and cause of that it transfers to properties account section.

Borrowing Costs

The Company reflects the borrowing costs as finance cost to the profit / loss statement during the credit period. When the financing costs arising from loans are incurred, they are recorded in the profit / loss statement.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant qualifying asset. Businesses account for other borrowing costs as expenses in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the qualifying asset if they can be measured reliably and are likely to provide future economic benefits to the entity. Borrowing costs that can be directly attributable to the acquisition, construction or production of a qualifying asset are the borrowing costs that will not arise if the expenditure associated with a particular asset has not been performed.

If a company gets into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get into debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of all the existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted of the borrowing cost in related period.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

When all the necessary proceedings virtually are completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to be constructing; When all necessary proceedings virtually are completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in gross Company up as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfill this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, Company allocates provision. Company does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfill liability.

Contingent Liabilities and Assets

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in Company's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets.

Company does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of center for economic profit is high.

Employee Benefits

a) Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "Employee Benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between Company and its personnel for defined reasons according to Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date. Company calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from Company's experience about fire personnel or quit of the personnel and reflects to its financial statements.

b) Defined Contribution Plan

The Company has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is not any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Revenue

As of 1 January 2018, IFRS 15 is accounted for in the financial statements in accordance with the, "Revenue Standard from Customer Contracts "in the following five-stage model.

- Determination of customer contracts,
- Determination of performance obligations in contracts
- Determination of transaction price in contracts,
- Distribution of the transaction price to the performance obligations in the contracts,
- Revenue recognition when each performance obligation is provision.

In the event that all of the following conditions are provision, the Company recognizes a contract with its customer as revenue:

- The parties to the Convention have ratified the contract (in accordance with written, oral, or other commercial practices) and undertakes to carry out their own actions,
- The company defines the rights of each party regarding the goods or services to be transferred,
- The Company can define the payment terms for the goods or services to be transferred,
- The contract is essentially commercial,
- The Company is likely to charge a fee for the goods or services to be transferred to the customer.

Sales of Goods and Services

Includes income invoiced values of goods and service sales. Revenue is recognized on an accrual basis at the fair value of the consideration received or receivable upon delivery of the product or service, transfer of risks and benefits associated with the product, reliable determination of the amount of revenue and the probable economic benefits associated with the transaction.

Interest Revenue

Interest revenues are recorded as income on accrual basis.

Effects of exchange rate differences

Transactions in foreign currencies are translated to the respective functional currencies of Company (TRY) entities at exchange rates occurred Turkish Republic Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

Calculated Tax on Corporation Earnings

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future. Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Deferred tax asset and liability is recording without considering time where group can use timing differences.

In Turkey, the corporate tax rate is 23% for 2022 according to the Corporate Tax Law No. 5520. It is applied as 22% for 2018, 2019 and 2020, and 25% for corporate earnings for the 2021 taxation period. (20% for 2017). This rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions (such as the participation earnings exception) and discounts (such as investment discount) in the tax laws. No further tax is paid if the profit is not distributed.

From January 1, 2022, to taxpayers who are subject to a special accounting period, to be applied to earnings obtained from exports of exporting institutions or production activities of institutions that have an industrial registration certificate and are actually engaged in production activity, exclusively to earnings obtained from exports of exporting institutions or production activities of institutions that have an industrial registration certificate and are actually engaged in production activity. On their earnings, the corporate tax rate will be applied with a one-point deduction.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 10 %. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Financial loss which is declared in Corporate Tax Return according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

Earnings per Share

Earnings per share presented at the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period. TAS 33 also discusses this issue as follows;

Ordinary shares can be issued without any change in the resources, or the number of ordinary common stock can be reduced. For example:

- (a) Activation or issuance of bonus shares (sometimes called dividends).
- (b) The presence of a free item in another export transaction; for example, a free item in an export transaction that includes new rights to existing shareholders.
- (c) Divide the stock and
- (d) Combining inventories by increasing the nominal value (consolidation of shares).

In the event of a capitalization or unallocated distribution or division of shares, ordinary shares are issued without requiring an additional payment to existing shareholders. Therefore, the number of common stock available increases without an increase in resources. If the number of ordinary shares present before the said transaction is realized at the beginning of the earliest period, the number of ordinary shares shall be adjusted according to the proportional change in the number of ordinary shares.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Events After the Statement of Financial Position Date

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring, events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing, and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Company's activities. Cash flow related to investing activities shows cash flows that group use at present time, or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities.

Cash and cash equivalents consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

g. Important Accounting Evaluation, Estimation and Assumptions

Preparing of financial statements make need of using estimates and assumptions which will affect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about group managements' present events and transactions. Although realized results can show differences from assumptions. The estimates and assumptions may cause significant adjustments on book value of assets and liabilities in financial reporting is stated below.

Deferred Tax Assets

Company accounted deferred tax and liabilities in order to temporary timing differences arising from diversity between financial tables that determine tax and prepared financial tables in accordance with TAS reporting standards. Assets of deferred tax estimated the amount of recoverable partially or completely. During the assessment, future profit projections and other tax assets expiration dates and potential tax planning strategies were considered.

Determination of Fair Value

Various accounting policies and explanations of the Company require the determination of the fair value of both financial and non-financial assets and liabilities. If applicable, additional information about the assumptions used in determining fair values is presented in footnotes specific to the asset or liability.

The valuation methods according to the levels are listed as follows.

The valuation methods according to the levels are listed as follows.

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1.

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

3) BUSINESS COMBINATIONS

None. (31.12.2021: None)

4) SHARES IN OTHER BUSINESSES

Financial Investments

As of December 31, 2022, and December 31, 2021, the company's capital shares and ratios in available-for-sale financial assets that are shown at cost and not traded in the stock exchange are as follows:

	31.12.2022		31.12.2021	
	TRY	%	TRY	%
Ceramics Research Center	16.000	8,00	16.000	8,00
TOTAL	16.000		16.000	

5) SEGMENT REPORTING

In the presentation of the product or service group of the enterprise, there is no distinguishable operating segment that has different characteristics from other fields of activity in terms of risk and return, and that there is no distinguishable geographical segment with different risk and return characteristics.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

6) RELATED PARTIES

Balances with related parties as of 31 December 2022 and 31 December 2021:

Polat Maden Sanayi ve Ticaret A.Ş., our main partner İbrahim Polat Holding A.Ş.'s one of the group companies, was left our group as of 21/12/2022.

a) Receivables from related parties:

Trade receivables from related parties:

	December 31, 2022	December 31, 2021
Ege Seramik America INC.	165.192.392	212.413.824
Egeseramik İç ve Dış Ticaret A.Ş. (in Liquidation)	-	38.987.304
TOTAL	165.192.392	251.401.128
<i>Deduction: Unaccrued financial expenses</i>	(2.185.420)	(643)
TOTAL	163.006.972	251.400.485

The company carries out the domestic sales and distribution of the products it manufactures, and a significant part of the international sales and distribution is carried out by its group companies, Egeseramik İç ve Dış Ticaret A.Ş., and Ege Seramik America INC. through it. The receivables of both group companies are insured by Euler Hermes and Eximbank.

(*) As reported in the KAP announcement dated January 14, 2022, the operation of exporting through Egeseramik İç ve Dış Ticaret A.Ş. has been terminated.

	Term time
Ege Seramik America INC.	120 Days

Other receivables from related parties:

None. (31.12.2021: None)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

6. RELATED PARTIES (CONTINUED)

Payables from related parties:

	December 31, 2022	December 31, 2021
Polat Maden San. Tic. A.Ş.	10.799.468	-
TOTAL	10.799.468	-
<i>Deduction: Unaccrued finance income</i>	(329.802)	-
TOTAL	10.469.666	-

Other payables from related parties:

	December 31, 2022	December 31, 2021
Dividends payable (*)	431	411
TOTAL	431	411

(*) It comes from 2021 and before. There is no current dividend debt.

ii) Significant sales to related parties and significant purchases from related parties:

a) Receivables from related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Ege Seramik America INC.	749.741.849	434.636.127
Egeseramik İç ve Dış Ticaret A.Ş. in Liquidation	57.497.191	194.866.806
Polat Turizm Otel San. ve Tic. A.Ş.	713.463	403.047
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	968.606	458.514
Polat Maden San.Tic.A.Ş.	-	3.355
Polat İnşaat Sanayi ve Ticaret A.Ş.	19.794	250.214
Polat Kentsel Gayrimenkul Geliştirme A.Ş.	-	1.895
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	317.079	11.415
TOTAL	809.257.982	630.631.373

b) Raw material sales made to related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	686.375	-
TOTAL	686.375	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

6. RELATED PARTIES (CONTINUED)

c) Service sales to related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Polat Turizm Otel San. ve Tic. A.Ş.	7.287	-
Ege Seramik America INC.	7.486	18.911
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	-	33.864
Egeseramik İç ve Dış Ticaret A.Ş. in Liquidation	175.527	8.115
Polat Maden San.Tic.A.Ş.	18.490	200
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	850	540
TOTAL	209.640	61.630

ç) Fixed asset sales to related parties:

None. (31.12.2021: None)

d) Goods and raw material purchases from related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Polat Maden San.Tic.A.Ş.	63.962.332	27.174.409
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	364.619	18.891
Polat İnşaat Sanayi ve Ticaret A.Ş.	-	25.196
TOTAL	64.326.951	27.218.496

e) Service purchases from related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
İbrahim Polat Holding A.Ş.	2.625.874	1.672.020
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	563	-
Egeseramik İç ve Dış Ticaret A.Ş. in Liquidation	-	1.286
Polat İnşaat Sanayi ve Ticaret A.Ş.	-	1.166
Polat Turizm Otel San.ve Tic. A.Ş.	244.759	46.537
TOTAL	2.871.197	1.721.010

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

6. RELATED PARTIES (CONTINUED)

f) Fixed asset purchases from related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Polat Maden San.Tic.A.Ş.	457.642	-
Polat İnşaat Sanayi ve Ticaret A.Ş.	25.660	-
Tasfiye Halinde Egeseramik İç ve Dış Ticaret A.Ş.	404.705	-
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	1.330.000	-
TOTAL	2.218.007	-

g) Financial income related to transactions with related parties:

None. (31.12.2021: None)

h) Financial expenses related to transactions with related parties:

None. (31.12.2021: None)

l) Marketing sales distribution expenses made to related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
Tasfiye Halinde Egeseramik İç ve Dış Ticaret A.Ş.	256.008	1.499.205
Ege Seramik Amerika INC.	519.146	-
Polat Turizm Otel San.ve Tic. A.Ş.	-	55.352
TOTAL	775.154	1.554.557

i) Rental transactions from related parties:

	01 January- 31 December 2022	01 January- 31 December 2021
İbrahim Polat Holding A.Ş.	1.927.200	1.416.000
TOTAL	1.927.200	1.416.000

Remuneration and similar benefits provided to senior management in 2022 are as follows:

- Short-term employee benefits:** The total amount of wages and similar benefits provided to the top management in the 12-month accounting period of 2022 is 8.663.126 TRY (2021 year: 6.722.732 TRY).
- Post-employment benefits:** Severance pay is paid to the personnel who deserve the rights granted by law. Apart from this, no extra payment is made.
- Other long-term benefits:** None.
- Benefits due to dismissal:** None.
- Share-based payments:** None.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

7) TRADE RECEIVABLES AND PAYABLES

Trade receivables

	01 January- 31 December 2022	01 January- 31 December 2021
Customer current accounts	415.662.254	362.431.719
- <i>Receivables from related parties (Note: 6)</i>	<i>165.192.392</i>	<i>251.401.128</i>
- <i>Other receivables</i>	<i>250.469.862</i>	<i>111.030.591</i>
Notes receivables	7.637.931	21.043.022
Doubtful trade receivables	2.279.766	2.390.276
Doubtful trade receivables	(1.711.050)	(1.714.396)
TOTAL	423.868.901	384.150.621
Deduction: Unaccrued financial expenses	(9.740.167)	(4.894.289)
Receivables from related parties (Note: 6)	<i>(2.185.420)</i>	<i>(643)</i>
Other receivables	<i>(7.554.747)</i>	<i>(4.893.646)</i>
TOTAL	414.128.734	379.256.332

As of 31 December 2022, the amount of guarantee received by the Company against its receivables excluding group companies is 222.292.099 TRY (as of 31.12.2021; 165.162.035 TRY) and it is shown in note 25.

The Company does not see the need for a provision more than the provision for doubtful receivables in the accompanying financial statements. The Company has secured a significant portion of its receivables, and the amount of the guarantee covers its receivables to a large extent. The Company allocates provision for doubtful receivables according to the relevant balances for all of its unsecured balances, which are subject to legal follow-up.

	December 31, 2022	December 31, 2021
Not overdue	401.266.002	361.122.214
Overdue 0-30 days	13.157.164	1.249.995
Overdue 31-90 days	1.182.944	20
Overdue 360 days more	56.144	59.489
TOTAL	415.662.254	362.431.719

The movement table of the provision for doubtful receivables as of 31 December 2022 and 31 December 2021 is as follows:

	December 31, 2022	December 31, 2021
January,1	1.714.396	1.607.876
Current period provision for doubtful receivables	-	110.510
Provisions collected and no longer required	(3.346)	(3.990)
TOTAL	1.711.050	1.714.396

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Short-Term Trade Payables

	December 31, 2022	December 31, 2021
Seller Current Accounts	362.865.028	305.502.674
- Related party vendor payables	10.799.468	-
- Other vendor payables	362.865.028	305.502.674
TOTAL	362.865.028	305.502.674
Deduction: Unaccrued finance income	(2.911.258)	(5.161.568)
Related party vendor payables	(329.802)	-
Other vendor payables	(2.581.456)	(5.161.568)
TOTAL	359.953.770	300.341.106

	December 31, 2022	December 31, 2021
Not overdue	292.896.347	303.074.816
Overdue 0-30 days	25.378.473	2.248.444
Overdue 31-90 days	44.103.341	179.414
Overdue 91-180 days	486.867	-
TOTAL	362.865.028	305.502.674

Long-Term Trade Payables

None. (31.12.2021: None)

8) RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31.12.2021: None)

9) OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	December 31, 2022	December 31, 2021
Receivables from the Tax Office	56.716.821	34.063.057
TOTAL	56.716.821	34.063.057

Other Long-Term Receivables from Unrelated Parties

	December 31, 2022	December 31, 2021
Deposits and guarantees given	1.076.983	377.998
TOTAL	1.076.983	377.998

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Short Term Other Payables

	December 31, 2022	December 31, 2021
Other payables from related parties (Note:6)	431	411
Deposits and Guarantees Received	2.671.432	-
Taxes and funds payable	3.162.338	3.420.805
TOTAL	5.834.201	3.421.216

10) INVENTORIES

	December 31, 2022	December 31, 2021
Raw material	214.580.644	92.338.490
Semi-finished products - production	17.037.725	6.618.525
Finished Goods	280.295.891	85.840.700
Other stocks	802.427	192.136
TOTAL	512.716.687	184.989.851
<i>Provision for inventory impairment (-)</i>	<i>(581)</i>	<i>(142)</i>
TOTAL	512.716.106	184.989.709

Movements in the provision for inventory impairment during the period are as follows:

	December 31, 2022	December 31, 2021
Balance at the beginning of the period	142	1.135
Provision canceled due to net realizable value increase	439	(993)
Current period separation provision (+)	-	-
TOTAL	581	142

The futures purchases made by the company have been discounted in accordance with the TAS 2 Inventories standard and amount to TRY 5.512.797 The discount rate was applied at %17,87 for the annual TRY; % 0,66 for the euro, %1,91 for GBP and CHF

11) BIOLOGICAL ASSETS

None. (December 31, 2021, None).

12) PRE-PAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	December 31, 2022	December 31, 2021
Expenses related to the future periods	8.230.123	6.893.037
Advances associated with costs	19.958.804	8.956.344
TOTAL	28.188.927	15.849.381

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

12.PRE-PAID EXPENSES AND DEFERRED INCOME (CONTINUED)

Long-term prepaid expenses

	December 31, 2022	December 31, 2021
Prepaid expenses related to the future years	117.129	85.188
TOTAL	117.129	85.188

Short Term Deferred Income

	December 31, 2022	December 31, 2021
Income for the next months	12.858.103	6.685.584
Advances to be associated with revenue	19.396.798	1.595.584
TOTAL	32.254.901	8.281.168

Long Term Deferred Incomes

	December 31, 2022	December 31, 2021
Income for future years	1.502.168	-
TOTAL	1.502.168	-

13) INVESTMENT PROPERTIES

None. (December 31, 2021, None.)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

14) TANGIBLE FIXED ASSETS

	01.01.2022	Additions	Transfers	Disposals	31.12.2022
Land	7.493.413	1.360.837	-	-	8.854.250
Land Improvement	28.545.484	1.957.549	503.300	-	31.006.333
Buildings	70.911.456	2.071.443	2.175.635	(2.950)	75.155.584
Plant, machinery, and equipment	318.831.120	21.041.928	72.843.223	(7.801.177)	404.915.095
Vehicles and vehicle equipment	3.647.545	2.077.843	-	(49.661)	5.675.727
Furniture and fixtures	16.431.184	2.630.548	-	(83.317)	18.978.414
Construction in progress	13.255.178	75.969.142	(75.522.158)	-	13.702.162
Special Costs	724.421	162.821	-	-	887.241
TOTAL COST	459.839.800	107.272.111	-	(7.937.105)	559.174.806
Land Improvements	21.733.108	912.849	-	-	22.645.956
Buildings	34.019.467	2.040.561	-	(1.721)	36.058.307
Plant, machinery, and equipment	198.881.411	25.593.422	-	(6.157.340)	218.317.493
Vehicles and vehicle equipment	1.692.025	746.806	-	(49.661)	2.389.171
Furniture and fixtures	11.307.803	1.620.567	-	(82.861)	12.845.509
Special Costs	362.210	147.735	-	-	509.945
ACCUMULATED DEPRECIATION	267.996.024	31.061.941	-	(6.291.582)	292.766.382
NET BOOK VALUE	191.843.776	76.210.170	-	-	266.408.423

	01.01.2021	Additions	Transfers	Disposals	31.12.2021
Land	7.515.860	-	-	(22.447)	7.493.413
Land Improvement	26.796.169	1.749.315	-	-	28.545.484
Buildings	67.596.642	1.659.185	1.655.629	-	70.911.456
Plant, machinery, and equipment	297.131.076	13.609.194	11.763.877	(3.673.028)	318.831.120
Vehicles and vehicle equipment	3.861.215	147.156	-	(360.826)	3.647.545
Furniture and fixtures	15.113.854	1.667.487	-	(350.158)	16.431.184
Construction in progress	1.089.211	25.585.473	(13.419.506)	-	13.255.178
Special Costs	724.421	-	-	-	724.421
TOTAL COST	419.828.447	44.417.811	-	(4.406.458)	459.839.800
Land Improvements	20.997.418	735.690	-	-	21.733.108
Buildings	32.286.393	1.733.074	-	-	34.019.467
Plant, machinery, and equipment	182.677.962	19.808.389	-	(3.604.940)	198.881.411
Vehicles and vehicle equipment	1.411.891	417.106	-	(136.971)	1.692.025
Furniture and fixtures	10.181.813	1.469.898	-	(343.908)	11.307.803
Special Costs	217.326	144.884	-	-	362.210
ACCUMULATED DEPRECIATION	247.772.802	24.309.042	-	(4.085.819)	267.996.024
NET BOOK VALUE	172.055.645	20.108.769	-	-	191.843.776

15) DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS

None. (December 31, 2021, None.)

16) SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS

None. (December 31, 2021, None.)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

17) INTANGIBLE FIXED ASSETS

	01.01.2022	Additions	Transfers	Disposals	31.12.2022
Establishment and Organization Expenses	-	-	-	-	-
Rights	14.468.286	643.295	85.971	-	15.197.551
Investments in progress	82.416	4.462	(85.971)	-	908
Right of Use Assets (*)	10.092.372	8.183.860	-	-	18.276.232
TOTAL COSTS	24.643.073	8.831.617	-	-	33.474.691
Establishment and Organization Expenses	-	-	-	-	-
Rights	9.471.755	938.080	-	-	10.409.835
Right of Use Assets (*)	6.704.227	5.390.587	-	-	12.094.815
ACCUMULATED DEPRECIATION	16.175.982	6.328.667	-	-	22.504.650
NET BOOK VALUE	8.467.091	2.502.950	-	-	10.970.41

	01.01.2021	Additions	Transfers	Disposals	31.12.2021
Establishment and Organization	-	-	-	-	-
Rights	12.162.692	2.169.334	136.260	-	14.468.286
Investments in progress	142.145	76.531	(136.260)	-	82.416
Right of Use Assets (*)	7.574.482	2.517.890	-	-	10.092.372
TOTAL COSTS	19.879.319	4.763.754	-	-	24.643.073
Establishment and Organization	-	-	-	-	-
Rights	8.590.002	881.754	-	-	9.471.755
Right of Use Assets (*)	3.532.361	3.171.866	-	-	6.704.227
ACCUMULATED DEPRECIATION	12.122.363	4.053.619	-	-	16.175.982
NET BOOK VALUE	7.756.956	710.135	-	-	8.467.091

(*) The Company applied the IFRS 16 standard on January 1, 2019, which was the first date of implementation of IFRS 16, and reflected it in its financial statements, without the need for a further assessment of IFRS 16, including contracts that meet the definition of lease in TAS 17 and IFRS Comment 4.

18) GOODWILL

None. (December 31, 2021, None.)

19) EVALUATING AND RESEARCHING OF MINE RESOURCES

None. (December 31, 2021, None.)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

20) LEASING OPERATIONS

(*) The Company applied the IFRS 16 standard on January 1, 2019, which was the first date of implementation of IFRS 16, and reflected it in its financial statements, without the need for a further assessment of IFRS 16, including contracts that meet the definition of lease in TAS 17 and IFRS Comment 4.

	01 January 2022	IFRS 16 entries	Accumulated depreciation	31 December 2022
Right of Use Assets	3.388.144	8.183.860	5.390.587	6.181.417
TOTAL	3.388.144	8.183.860	5.390.587	6.181.417

	01 January 2022	IFRS 16 entries	Payments	31 December 2022
Right of Use Obligations	4.465.231	8.183.860	990.892	11.658.199
TOTAL	4.465.231	8.183.860	990.892	11.658.199

	01 January 2021	IFRS 16 entries	Accumulated depreciation	31 December 2021
Right of Use Assets	4.042.120	2.517.890	3.171.866	3.388.144
TOTAL	4.042.120	2.517.890	3.171.866	3.388.144

	01 January 2021	IFRS 16 entries	Payments	31 December 2021
Right of Use Obligations	5.129.392	2.517.890	3.182.052	4.465.231
TOTAL	5.129.392	2.517.890	3.182.052	4.465.231

21) CONCESSIONAL SERVICE AGREEMENTS

None. (December 31, 2021, None.)

22) IMPAIRMENT OF ASSETS

None. (December 31, 2021, None.)

23) GOVERNMENT INCENTIVES AND GRANTS

- a) The company completed its modernization investments under the investment incentive certificate dated 01/10/2012 and numbered 107017. T. for closure visa as of 17/02/2014C. An application was made to the Ministry of economy and a visa to complete the document was made on 14/01/2015. Within the scope of this investment incentive certificate, discounted corporate tax, customs tax and VAT exemption support is benefited and insurance premium employer support is also benefited from as of 2015.
- b) The company has completed modernization investments under investment incentive certificate No. 113948 dated 04/12/2014. T. for closure visa as of 30/09/2015C. An application was made to the Ministry of economy and the document was completed on 13/01/2016. Within the scope of this investment incentive certificate, reduced corporate tax, customs tax and VAT exemption supports were used.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

23. GOVERNMENT INCENTIVES AND GRANTS (CONTINUED)

- c) The company has completed modernization investments under investment incentive certificate No. 122571 dated 02/02/2016. T. for closure visa as of 30.11.2017C. An application was made to the Ministry of economy and the document was completed on 16.02.2018. Within the scope of this investment incentive certificate, reduced corporate tax, customs tax and VAT exemption supports were used.
- d) The company has started modernization investments under the investment incentive certificate dated 29.03.2018 and numbered 136299. Within the scope of this investment incentive certificate, discounted corporate tax, customs tax and VAT exemption supports are used.

24) BORROWING COSTS

None. (December 31, 2021, None.)

25) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Current Tax, net

	December 31, 2022	December 31, 2021
Period profit, tax and other legal liabilities	34.693.285	69.311.821
Prepaid taxes and other liabilities of the profit for the period (-)	(34.693.285)	(37.202.486)
TOTAL	-	32.109.335

Short Term Provisions

a) Other Short-Term Provisions

	December 31, 2022	December 31, 2021
Provision for Litigation	2.118.116	3.340.043
Provision for Guarantee Expense	1.286.153	1.171.844
TOTAL	3.404.269	4.511.887

The movement of other related short-term provisions as of 31 December 2022 is as follows.

	January 1, 2022	Additional Provisions (Not:33-34)	Payments/ Cancellation (-)	December 31, 2022
Provision for Litigation	3.340.043	385.475	(1.607.400)	2.118.116
Provision for Guarantee Expense	1.171.844	1.286.151	(1.171.843)	1.286.153
TOTAL	4.511.887	1.671.626	(2.779.243)	3.404.269

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Letters of Guarantee Given by the Company

Given To	Explanation	Amount (TRY)
Gazi Osmanpaşa 1. Executive Directorate	Based On Business Cases in The Court Process	185.000
Kemalpaşa Executive Directorate	Based On Business Cases in The Court Process	62.742
Enerji Piyasaları İşletme Anonim Şirketi (Epiaş)	Necessary of Electricity Purchase Transactions	54.000
Karşıyaka 1. Executive Directorate	Based On Business Cases in The Court Process	281.274
TOTAL		583.017

Direct debit system limits (DBS) issued by the company:

Given To	Explanation	December 31, 2022	December 31, 2021
İzmir Kemalpaşa Org. Ind. Zone Directorate. (*)	According to natural gas purchasing agreement	106.355.557	51.355.557
İndustrie Bitossi Mineral Sanayi A.Ş.	Based on raw material purchases	-	-
TOTAL		106.355.557	51.355.557

(*) Direct debit system opened in favor of İzmir Kemalpaşa Organized Industrial Zone Directorate based on natural gas purchase agreement (D.B.S.) limit.

Guarantees Given by The Company

GUARANTEES PLEDGES MORTGAGES	December 31, 2022	December 31, 2021
A) Total amount of GPM given on behalf of its own legal entity	583.017	1.100.874
TOTAL	583.017	1.100.874

As of 31.12.2022, Company's given GPM to Company's equity ratio is below 1%. (31.12.2021: below 1%)

Guarantees Received by The Company

	December 31, 2022	December 31, 2021
Letter of guarantees received	113.180.150	69.503.488
Guarantees cheques received	4.008.850	-
Guarantees notes received	6.008.000	4.008.000
Mortgages	2.565.000	1.420.000
TOTAL	125.762.000	74.931.488
	December 31, 2022	December 31, 2021
Direct debiting system limits from dealers (DBS)	96.530.099	90.230.547
TOTAL	96.530.099	90.230.547

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

The company's 'defendant' and ongoing litigations

As of 31 December 2022, the Company has posted provision amount of 2.118.116 TL (31 December 2021: 3.340.043 TL) for lawsuits for severance and notice indemnity disputes, reemployment and other ongoing lawsuits.

The company management has posted provisions in the accompanying financial statements for the cases they believe will result against the company due to the contents of the said cases and similar case law. The amount of provision allocated is shown in the balance sheet in short-term liabilities Provision Account.

26) COMMITMENTS

None. (December 31, 2021, None.)

27) EMPLOYEE BENEFIT OBLIGATIONS

Termination Indemnities and Provision of Unused Vacations

In accordance with the current Labor Code, the Company has to make a certain termination indemnity to its personnel who quits from Company for several reasons such as retirement or, reasons except reassigning and to be fired because of bad behavior after working at least one year at Company. Compensation which Company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 15.371,40 (December 31, 2021: 8.284,51 TRY).

Short Term

	December 31, 2022	December 31, 2021
Unused vacation provisions	2.153.003	1.707.985
TOTAL	2.153.003	1.707.985

Long Term

	December 31, 2022	December 31, 2021
Provision for severance pay	73.542.544	52.174.776
TOTAL	73.542.544	52.174.776

The calculation has to be done with actuarial assumptions in order to calculate Company's liabilities in accordance with TAS 19 Employee Benefit Obligations. Company has calculated termination indemnities based on experience of completion of personnel service time and experience about personnel rights to have termination indemnities in the past years, by using projection method in accordance with TAS 19, and reflected this amount to its financial statements. Provisions for termination indemnities are allocated with present value of potential liability and paid to employees in case of retirement. Accordingly, As of 31 December 2022, net discount rate was calculated as 2,79 % in the related calculations (31 December 2021: 3,39 %).

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

27. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Movement of provision for termination indemnities as of December 31, 2022 – December 31, 2021, are shown as follows:

	December 31, 2022	December 31, 2021
Opening balance	52.174.776	42.803.206
Additional provisions	22.984.935	9.876.640
Payment (-)	(1.617.166)	(505.071)
Closing balance	73.542.544	52.174.775

	December 31, 2022	December 31, 2021
January 01	52.174.776	42.803.207
Interest expenses	10.946.268	8.089.720
Current period service cost	43.172.907	15.812.867
Paid in period	(26.137.167)	(4.857.026)
Actuarial gain / (loss)	(6.614.240)	(9.673.992)
TOTAL	73.542.544	52.174.775

Movement of provision for unused vacations as of December 31, 2022 - December 31, 2021, are shown as follows:

	December 31, 2022	December 31, 2021
Opening balance	1.707.985	1.149.592
Additional provisions / (provisions no longer required)	445.018	558.393
Closing balance	2.153.003	1.707.985

Liabilities under employee benefits

	December 31, 2022	December 31, 2021
Due to personnel	19.198.137	3.557.192
Taxes and funds payable	3.939.454	3.359.100
Other Liabilities Payable	77.734	71.471
TOTAL	23.215.325	6.987.763

The payables to personnel account balance consists of wages and similar payables to personnel that have been accrued but not yet paid, and the Social Security Deductions Payable balances consist of social security premium debts of employees and employers that have been accrued by payroll as of the relevant dates and will be declared on the twenty-sixth of the following month and will be paid until the end of the month.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

28) OTHER ASSEST AND LIABILITIES

Other current assets

	December 31, 2022	December 31, 2021
Advances given for purchases	-	185.086
Income accruals	2.151.773	552.977
Deferred Value Added Tax	61.421.278	1.108.317
Job Advances	23.500	1.050
TOTAL	63.596.551	1.847.430

Other short-term liabilities

	December 31, 2022	December 31, 2021
Expense accruals	5.749.004	1.849.784
Provision for Expected Sale Returns	338.855	265.379
TOTAL		2.115.163

29) CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

The company adopted a recognized registered capital system for companies subject to CMB legislation.

As of December 31, 2022, and December 31, 2021, the company's registered capital, which is not adjusted for inflation, is as follows:

	December 31, 2022	December 31, 2021
Registered capital ceiling	150.000.000	150.000.000
Authorized and paid in capital	75.000.000	75.000.000

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The Company's paid-in capital structure as of December 31, 2022, and December 31, 2021, is as follows;

	Stock Arrangement	31.12.2022			31.12.2021		
		Amount	Number of shares	Rate	Amount	Number of shares	Rate
Adnan Polat	A	3,60	360	0,00%	3,60	360	0,00%
Adnan Polat	B	5,20	520	0,00%	5,20	520	0,00%
Adnan Polat	C	666.079,04	66.607.904	0,89%	666.079,04	66.607.904	0,89%
<i>Adnan Polat- Public Share</i>		0,00			0,00		
Total		666.087,84		0,89%	666.087,84		0,89%
İbrahim Polat	A	4,01	401	0,00%	4,01	401	0,00%
İbrahim Polat	B	6,74	674	0,00%	6,74	674	0,00%
İbrahim Polat	C	2.909.866,13	290.986.613	3,88%	2.909.866,13	290.986.613	3,88%
<i>İbrahim Polat-Public Share</i>		2.909.265,78			2.909.265,78		
Total		2.909.876,88		3,88%	2.909.876,88		3,88%
Murat Polat	A	3,60	360	0,00%	3,60	360	0,00%
Murat Polat	B	5,20	520	0,00%	5,20	520	0,00%
Murat Polat	C	779.868,61	77.986.861	1,04%	779.868,61	77.986.861	1,04%
<i>Murat Polat- Public Share</i>		130.149,00			130.149,00		
Total		779.877,41		1,04%	779.877,41		1,04%
Other	A	0,79	79	0,00%	0,79	79	0,00%
Other	B	0,86	86	0,00%	0,86	86	0,00%
Total		1,64		0,00%	1,64		0,00%
Public Shares and Other	C	24.957.237,28	2.495.723.728	33,28%	24.957.237,28	2.495.723.728	33,28%
İbrahim Polat Holding A.Ş.	C	45.686.918,95	4.568.691.895	60,92%	45.686.918,95	4.568.691.895	60,92%
TOTAL		75.000.000,00	7.500.000.000,00	100%	75.000.000,00	7.500.000.000,00	100%
Capital adjustment positive differences (*)		24.778.008,00			24.778.008,00		
TOTAL		99.778.008,00			99.778.008,00		

(*) Inflation adjustment to capital is the difference between total amount of capital adjusted to inflation and capital amount before inflation adjustment.

The Company's registered share capital ceiling is 150.000.000 (hundred and fifty million) Turkish Lira and each with a nominal value of 1 (one) kr is divided into 15.000.000.000 shares. The Company's issued share capital is 75.000.000 (seventyfive million) Turkish Lira and is fully paid. The Company's share capital consists of 75.000.000 (seventyfive million) Turkish Lira and 7.500.000.000 Turkish Lira of issued shares; each has the value of 1 (one) kr.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

1.200 items A Group are registered on person,
1.800 items B Group are registered on person and
7.499.997.000 items C Group are divided into a bearer share.

The Board of Directors is authorized to increase the registered capital ceiling in the capital, to issue the registered shares and bearer shares and to determine the amount of those registered shares and bearer shares. In the General Assembly meeting to make a change on the certificate of corporation, shareholders vote for the amount of capital they have committed.

Transfer of shares in someone's name will be valid if the Board of Directors of the Company decides to transfer and register the share. The Board of Directors may not authorize the transfer of shares without giving any reason. Group A and B dividend shares, representing the capital are privileged shares.

Management activities and actions of the Company are conducted by The Board of Directors which has 6 (six) members who are elected from the nominated legal and real entities by The Board of Shareholders with regard to Turkish Commercial Code.

Two applicants of The Board of Directors are elected by absolute majority of shareholders of group A has nominated, one applicant is elected by absolute majority of shareholder of group B has nominated, and other three applicants are elected by shareholders regardless of the group they are in. On Board of Directors, each member has right for a vote.

Dividend Distribution

Profit Distribution for public corporation is made according to the Statement of Profit Distribution Code II-19.1 of Capital Market Board as of February 1, 2014.

Partnerships divide their shares in accordance with the policies of Board of Directors on profit distribution and suitable with the legislations of Board of Directors. As the statement indicated, the minimum dividend rate is not detected. Companies pay profit share as the way it is stated on their main agreement or policies of profit distribution. Profit distribution could be paid with equal or in equal installments in condition of decision, whether to divide it or not, made by the Board. In the installment payment, the provisions set forth in Article 5 of the Dividend Communiqué No II-19.1 shall be complied with. In addition, the companies whose shares are traded on the stock exchange may distribute advance dividends in cash through the profits in their financial statements.

There will be no profit distribution to members of boards, partners, people who has dividend right certificate and people except who has shares till distributed profit paid by cash, as it will not be decided to distribution of profit to these people, transfer of profit to retained earnings, allocation of legal reserves till the time for allocation of profit distribution for shareholders according to profit distribution policy or legal agreement with legal reserves allocated according to TCC.

Predicted profit distribution amount could be distributed till the time when it can be resourced from current net distributable profit or current other resources in legal accounts (according to TPL accounts).

According to the decision of the Board of Directors dated 03.03.2022 and numbered 2022/10 and the statement made on 03.03.2022, in accordance with the provisions of the Capital Market Legislation and the Company's Articles of Association,

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

In the financial statements of the Company dated 31.12.2021, prepared in accordance with the provisions of the Tax Procedure Law, a profit for the period amounting to TRY 256.365.365 after tax is reached. Since the general legal reserve fund limit of TRY 15 million, which corresponds to 20% of the paid-in capital of TRY 75 million, has been reached, the first order general legal reserve fund will not be set aside. As a result, a net distributable profit for the period of TRY 256.365.365 is recognized in the statutory records.

After adding the donation amount of TRY 300 made in 2021 from the After-Tax Profit of TRY 262.662.670 in the financial statements of our Company prepared in accordance with the CMB, without allocating the General Legal Reserves, the Net Distributable Period Profit of TRY 262.662.670 after Adding Donations consists of TRY 262.662.670.

According to the Profit Distribution Statement;

- Not paying dividends to the members of the Board of Directors from the net distributable profit for the period.
- Giving TRY 52.532.594 to the partners as the first dividend
- Distribution of TRY 27.316.949 to privileged shareholders as dividends,
- Giving TRY 116.950.000 to the Partners as a second dividend
- In the financial statements prepared in accordance with the Tax Procedure Law, after allocating the general legal reserve amounting to TRY 19.304.954, the remaining amount should be transferred to the posting as extraordinary reserve
- Payments to the beneficiaries are made on 18 April 2022, issues were accepted by majority vote at the Ordinary General Assembly held on 30.03.2022.

Share Premium

As announcement of the board stated according to declaration No: 29 of Serial XI, "share premium" as a capital item has to be written as it is recorded in the balance sheet, at result of the first financial statement which is adjusted according to inflation.

Inflation adjustment differences of share premium are recorded in retained earnings:

	December 31, 2022	December 31, 2021
Share Premium	35.838.595	35.838.595
TOTAL	35.838.595	35.838.595

Movements of actuarial loss/gain fund are as below:

	December 31, 2022	December 31, 2021
Opening balance	19.701.650	12.446.156
Current period defined benefit plans		
Current actuarial (gain)/loss	5.291.393	7.255.494
TOTAL	24.993.043	19.701.650

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Restricted Reserves

Legal Reserves are consisting of first and second reserves as predicted on Turkish Commercial Code (TCC). TCC predict that Company can allocate 5% of its legal profit till first reserve reaches 20% of Company's paid-in capital. However, second legal reserves are allocated as 10 % on all cash dividends which are exceeding 5% of paid-in capital. In the scope of TCC's statements, legal reserves can only be used to clarify loss and they cannot be used for other purposes unless they do not exceed 50% of paid-in capital.

Reserves that are allocated apart from distribution of profit dividends of previous period are classified in this item in balance sheet. Inflation adjustment differences for legal reserves are recorded in retained earnings.

Announcement of the board stated according to declaration No: 29 of Serial XI, "legal reserves" as capital items have to be written as they are recorded in the balance sheet at result of the first financial statement which is adjusted according to inflation.

	01.01.2022	Additions	31.12.2022
Restricted Reserves	34.145.342	19.304.955	53.450.297
TOTAL	34.145.342	19.304.955	53.450.297

Retained Earnings

Accumulated profits / losses apart from net profit for the period are clarified and presented in this item. Extraordinary reserves are also considered as accumulated profit and presented in this item. Restricted reserves allocated from profit, share premium, and inflation adjustment differences of extraordinary legal reserves are presented in retained earnings.

Retained Earnings	December 31, 2022	December 31, 2021
Accumulated Profit/Loss	161.181.433	149.270.240
Other Adjustments Affecting Profit for the Period	(11.017)	-
Period Profit/Loss	262.662.670	96.369.447
Dividend	(196.799.543)	(76.753.991)
Legal Reserves	(19.304.955)	(7.704.260)
TOTAL	207.728.589	161.181.433

30) EXPENSES BY NATURE

	January 01– December 31, 2022	January 01– December 31, 2021
General administration expenses	124.861.277	63.568.684
Marketing expenses	112.039.983	56.782.533
Research and development expenses	10.831.540	6.094.886
Cost of sales	1.608.162.525	675.671.979
TOTAL	1.855.895.325	802.118.082

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

31) SALES AND COST OF SALES

Details of sales are shown as follows:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Domestic sales	939.596.066	349.024.739
Foreign sales	1.290.821.491	723.376.826
Gross sales	2.230.417.557	1.072.401.565
Sales returns (-)	(7.999.874)	(1.241.937)
Sales discounts (-)	(663.430)	(2.699.029)
Other discounts (-)	(2.198)	(7.007.509)
Returns and discounts	(8.665.503)	(10.948.476)
Net sales	2.221.752.054	1.061.453.089

According to TAS 18 Revenue Standards, price is considered as cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents are deferred, the fair value of the sales price might be less than the nominal amount of cash receivable. For example, an entity may provide interest-free sale, or accept a note receivable bearing a below-market interest rate from the buyer as sales price. If the arrangement constitutes a financial transaction, the fair value of the sales price is determined by discounting all future transactions using an imputed rate of interest.

Company's credit sales which are discounted in accordance with TAS 18 Revenue Standards are the amount of TRY 11.577.668. Annual discount rate has been applied to 17,87% for TRY; 0,66% for EUR and 1,91% for GBP and USD.

Cost of sales are shown as follows:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Cost of goods sold	1.607.592.978	674.603.139
Cost of trade goods sold	569.547	1.068.840
TOTAL	1.608.162.525	675.671.979

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

31. SALES AND COST OF SALES (CONTINUED)

Cost of sales according to their nature in periods January 01, 2022 - December 31, 2022, and January 01, 2021 - December 31, 2021, are indicated as below:

	January 01- December 31, 2022	January 01 - December 31, 2021
Natural gas usage	733.786.027	150.952.439
Material usage share	548.095.500	283.244.921
Electricity expense	231.641.005	52.144.630
Personnel expense share	136.550.321	104.314.982
Indirect material use	71.701.719	42.546.549
Maintenance and repair expenses	27.979.747	10.345.606
Depreciation and amortization expenses	25.349.776	20.656.559
Transportation expenses	15.648.322	10.503.837
Shipping cost	8.674.692	3.126.951
Food and subsistence expenses	8.228.891	4.881.974
Diesel and LPG usage	4.008.464	1.250.053
Cost of trade goods sold	569.547	1.068.840
Anticipated Sales Return Provision	(57.961)	17.878
Internal consumption (*)	(3.786.967)	(2.165.638)
Changes in semi-finished goods inventory	(10.419.199)	(1.903.730)
Product inventory change	(194.455.191)	(10.101.024)
Other general manufacturing expenses	4.647.833	4.787.152
TOTAL	1.608.162.525	675.671.979

(*) Internal consumption amounts refer to the product trials conducted within the scope of research and product development (R & D, P&D) and the cost of ceramics used for promotional boards.

According to Inventory Standards of TAS 2, entity may purchase inventories on the circumstance of deferred payment. If the arrangement contains a financing element which is a difference between the cash purchase prices for normal credit terms and the amount paid, this difference will be accounted as interest expense over the period it is financed.

Company's credit purchases which are discounted in accordance with TAS 2 Inventory Standards are the amount of TRY 5.512.796,96. Annual discount rate has been applied to 17,87% for TRY; 0,66% for EUR; and 1,91% for USD, CHF, GBP.

32) CONTRACTS OF CONSTRUCTION

None. (December 31, 2021, None.)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

33) GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

General Administrative Expenses

The details of general administrative expenses for the periods 1 January - 31 December 2022 and 1 January - 31 December 2021, according to their qualifications, are as follows:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Provision for termination expenses	29.599.175	19.550.633
Termination indemnities paid	25.961.780	4.857.026
Personnel expenses	24.643.013	15.909.780
Outsource services	14.531.314	8.854.968
Notice of termination expenses paid	6.255.466	271.515
Consultancy expenses	4.734.450	3.220.497
Depreciation and amortization expenses	4.549.763	3.953.088
Electric expenses	3.288.678	591.241
Court, execution expenses	2.073.737	1.462.244
Tax, duties and charges	2.024.801	1.067.341
Due and subscription fees	1.096.586	609.364
Rent expenses	1.092.590	331.921
Brand and quality certificate expense	1.075.208	740.015
Transportation vehicle expenses	847.194	330.683
Audit Expense	589.288	199.027
Insurance expenses	377.528	503.581
Internship and education expense	280.473	56.788
Communication expenses	199.215	255.664
Rent expenses	176.479	311.422
Other	1.464.539	491.886
TOTAL	124.861.277	63.568.684

(*) Fees Related to the Services Received from the Independent Audit Company

AS Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi ("AS/NEXIA") has been appointed as an independent auditor at the general assembly for the year 2022.

("AS/NEXIA")	January 01- December 31, 2022	January 01- December 31, 2021
Audit fees (1)	-	81.000
Assurance audit fees (2)	-	-
Tax service fees (3)	252.769	205.598
Other fees (4)	40.225	10.074
("AS/NEXIA") for the total fees	292.994	296.672
Fees paid to the NEXIA International network (5)	-	-
Fees paid to other audit firms	-	-
Total fees paid to auditors	292.994	296.672

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

33. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (CONTINUED)

- Audit fees consist only of contractual fees for annual audit services and other audit services, which are services reasonably rendered by independent auditors.
- Assurance-related fees consist of contract fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, or traditionally performed by independent auditors.
- Tax certification services, VAT refund, tax consultancy, tax consultancy on mergers and acquisitions, transfer pricing, technical advice from tax authorities, etc. to tax fees. included.
- Other fees include fees paid for financial advice and other services.
- Network fees include fees paid for all services received, including auditing, consulting, assurance audit services received from other companies within the NEXIA International network, excluding ("AS/NEXIA").

Marketing, Sales, and Distribution Expenses

Details of marketing, sales, and distribution expenses according to their nature in periods January 01, 2022- December 31, 2022, and January 01, 2021 – December 31, 2021, are shown as below:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Foreign sales expenses	57.862.687	27.977.455
Domestic sales expenses	20.003.547	9.822.172
Personnel expenses	18.188.491	10.662.366
Advertising expenses	7.420.996	3.532.815
Construction sales expenses of ceramic boards	3.216.861	1.940.976
Provision of Guarantee Expense	2.617.070	852.661
Depreciation expenses	1.286.150	1.171.843
Packaging expenses	1.109.313	609.763
Other	334.870	212.483
TOTAL	112.039.983	56.782.533

Research and Development Expenses

Details of research and development expenses according to their nature in periods January 01, 2022 - December 31, 2022, and January 01, 2021 – December 31, 2021, are shown as below:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Personnel expenses	7.223.957	4.804.519
Outsourced expenses	2.774.061	1.080.726
Other	833.522	209.642
TOTAL	10.831.540	6.094.886

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

34) OTHER OPERATIONAL INCOME AND EXPENSE FROM MAIN ACTIVITIES

Other operational incomes

	January 01 - December 31, 2022	January 01 -December 31, 2021
Exchange differences income	188.012.803	110.046.815
Incentives income	10.654.309	8.961.579
Rediscount interest income	7.805.549	2.430.556
Scrap sales	3.683.521	3.221.902
Reflected material price differences	2.997.068	5.662.803
Cancellation of provision for termination indemnities	1.617.166	505.071
Cancellation of provision lawsuit	1.607.400	359.415
Promotion Incomes	1.370.831	215.904
Rental income	1.121.810	635.100
Reflected revenues	735.740	365.172
Export freight and insurance income	701.448	49.044
Sale of sample ceramic and board	267.158	81.008
Insurance damage income	60.015	259.199
Interest differences income	35.686	88.656
Reconciliation difference income	11.017	-
Cancellation of provision for doubtful receivables	3.346	3.990
Cancellation of provision for inventories	-	993
Other	4.734.843	495.292
TOTAL	225.419.711	133.382.499

Other operational expenses

	January 01 - December 31, 2022	January 01 -December 31, 2021
Exchange differences expense	208.167.191	89.127.255
Rediscount interest expense	14.901.736	2.827.931
Idle capacity expenses and losses	8.710.399	246.217
Reflected material and price differences	2.997.068	5.663.882
Reflected expenses	735.740	365.172
Provision of permission	445.017	558.393
Provision for lawsuit expenses	385.475	160.000
Sale of sample ceramic and board	267.158	81.008
Provision for Inventory Impairment	439	-
Provision for doubtful debt	-	110.510
Other	5.900.254	1.505.687
TOTAL	242.510.478	100.646.057

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

35) EXPANDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from Investing Activities

	January 01 - December 31, 2022	January 01 - December 31, 2021
Profit on sale of fixed assets	863.030	2.544.826
Exchange differences expense	-	350.059
TOTAL	863.030	2.894.885

Expenses from Investing Activities

	January 01 - December 31, 2022	January 01 - December 31, 2021
Loss on sale of fixed assets	936.925	-
Exchange differences expense	7.651.094	2.747.992
TOTAL	8.588.019	2.747.992

36) EXPENSES CLASSIFIED BY PRINCIPAL TYPES

Details of expenses classified by principal types in periods January 01, 2022 - December 31, 2022, and January 01, 2021 - December 31, 2021, are shown as below:

	January 01 - December 31, 2022	January 01 - December 31, 2021
Amortization expenses		
Cost of sales	25.349.776	20.656.559
General administration expenses	4.549.763	3.953.088
Idle capacity expenses and losses	2.331.790	246.217
Marketing, sales, and distribution expenses	2.617.070	852.661
TOTAL	34.848.399	25.708.524

	January 01 - December 31, 2022	January 01 - December 31, 2021
Personnel expenses		
Cost of sales	136.550.321	104.314.982
General administration expenses	24.643.013	15.909.780
Marketing, sales, and distribution expenses	18.188.491	10.662.366
Research and development expenses	7.223.957	4.804.519
Idle capacity expenses and losses	6.378.609	-
TOTAL	192.984.390	135.691.647

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

37) FINANCIAL EXPENSES AND INCOME

Financial Expenses

	January 01 – December 31, 2022	January 01 – December 31, 2021
Exchange Difference Losses	5.614.593	23.275.733
Bank loan interest and commission expenses	37.694.449	10.226.371
Right of use assets interest expenses	1.351.550	1.004.050
TOTAL	44.660.592	34.506.154

Financial Income

	January 01 – December 31, 2022	January 01 – December 31, 2021
Interest income	3.265.178	1.463.243
Exchange difference income	30.995.800	78.439.895
TOTAL	34.260.978	79.903.138

38) ANALYSIS OF OTHER COMPREHENSIVE INCOMES

Details of other comprehensive incomes/(expense) in periods January 01, 2022 - December 31, 2022, and January 01, 2021 – December 31, 2021 are shown as below:

	January 01 – December 31, 2022	January 01 – December 31, 2021
Not to be reclassified in Profit or Loss		
Defined benefit plans revaluation gains/(losses) (Note 27)	6.614.240	9.673.992
Defined benefit plans revaluation gains/(losses), Tax effect (Note40)	(1.322.848)	(2.418.498)
TOTAL	5.291.392	7.255.494

39) FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (December 31, 2021, None.)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

40) INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES)

Tax expense/income in comprehensive income statement in periods January 01, 2022 - December 31, 2022, and January 01, 2021 - December 31, 2021, are shown as below:

	January 01 – December 31 2022	January 01 – December 31 2021
Current tax income / (expense)	(34.693.285)	(69.311.821)
Deferred tax income / (expense)	83.455.335	(5.640.835)
TOTAL	48.762.050	(74.952.656)

Current Tax

In Turkey, the corporate tax rate is 23% for 2022 according to the Corporate Tax Code No. 5520. It is applied as 22% for 2018, 2019 and 2020 and as 25% for corporate earnings for the taxation period of 2021. This rate is applied by adding deductible expenses, that are not excepted by the tax law to corporate income; and deducting exemptions which place at tax laws (such as affiliation privilege) and using deductions (such as investment incentives). If the profit is not distributed, no other taxes are paid.

1/1/2022 the date, the calendar year beginning in 2022 for taxpayers who are subject to special accounting period, from the beginning of the accounting period to be applied to special institutions or industrial registration certificate obtained exclusively from the income and actual exports exporting actively involved in the production activities of the institutions having the exclusive corporate income tax rate of 1 percentage point on their earnings from production.

As of December 30, 2003, the act numbered as 5024 which is released on Official Gazette, related to change in Tax Procedure Law, Income Tax Law, and Corporate Tax Law, predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment as of January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements of December 31, 2003.

As of December 31, 2003, the act numbered as 5024 which is released on Official Gazette, related to change in Tax Procedure Law, Income Tax Law, and Corporate Tax Law, predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment as of January 1, 2004.

These taxpayers also have to make inflation adjustment for their financial statements of December 31, 2003. The taxpayers, who have to make inflation adjustment according to the General Communique published by Ministry of Finance as of 28 February 2004, are obliged to adjust only their balance sheets from financial statements if conditions are created for adjustments.

In the current period, the company was required to calculate the tax base in accordance with the Law No. 5024 and the procedures and principles in the relevant communiqués in case the correction conditions announced with the Communiqué of Tax Procedure Law No. 338 occur (100% of the price index increase in the last twelve accounting periods, 10% in the current accounting period). However, with the Law No. 7352 published in the Official Gazette on January 29, 2022, the Temporary Article 33 of the Tax Procedure Law was added and "The 2021 and 2022 accounting periods, including the temporary tax periods (for those who have a special accounting period, the account ending in 2022 and 2023) was added. It has been decided that the financial statements will not be subject to inflation adjustment in the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met. Due to the related change, the company did not make any inflation adjustments.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. Dividend payments made to those other than these are subject to 10% (10% before 22 July 2006) withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Companies calculate provisional tax at the rate of 23% for the year 2022, 20% in the first temporary tax period of 2021, 25% in the following periods, and 22% for the years 2018, 2019 and 2020, until the 17th day of the second month following that period. They declare and pay until the evening of the same day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. The provisional tax remaining after the deduction can also be deducted from any other financial debts owed to the government.

50% (75% before 05.12.2017) of the profits arising from the sale of associate shares, founding shares, usufruct shares, pre-emptive rights and real estates held for at least two years; is exempted from corporate tax provided that it is retained in a fund account within five years' liabilities and is collected until the end of the second calendar year following the year in which the sale is made.

Application of Reduced Corporate Tax

With No 2009/15199 Investments, accordance with State aids decisions, on the large-scale investments and regional application investments, under with No 5520 Corporate Tax Law 32/a substance, reduced corporate tax aids was taken. According to investment contribution rate which determined on the region of encouragement region, until reaching contributed amount, every year corporate tax in condition of paying the missing amount will be paid are taking advantage of these incentives.

- a) There has been TRY 22.373.884 for investment expense in total by Company in line with August 08, 2016, No: 107017 (D) instead of January 14, 2015, No: 107017 (B) Investment Incentives. Advantage of Reduced Corporate Tax has been used as TRY 3.655.182,97 TRY in provision of current period tax, and this amount has been discounted from tax assets.
- b) There has been TRY 51.441.876 for investment expense in total by Company in line with January 13, 2016, No: 113948 (C) Investment Incentives. Advantage of Reduced Corporate Tax has been used as TRY 6.842.029,02 TRY in provision of current period tax, and this amount has been discounted from tax assets.
- c) There has been TRY 24.757.385 for investment expense in total by Company in line with November 25, 2016, No: 122571 (B) instead of February 2, 2016, No: 122571 (A) Investment Incentives. Advantage of Reduced Corporate Tax has been used as TRY 2.275.623,77 in provision of current period tax, and this amount has been discounted from tax assets.
- d) In accordance with the document dated 30.11.2020 and numbered F-136299, TRY 140.885.355,86 TRY has been spent within the scope of the Investment Incentive Document dated 04.01.2022 and numbered G-136299, and investments within the scope of the document have been continued as of December 31, 2022. Within the scope of the document, a reduced corporate tax benefit of TRY 20.986.362,86 was used for the current period's tax provision.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

For both investment incentive certificate, incentive used as discounted corporate tax amounted TRY 36.278.639,96 has been deducted from deferred tax assets. According to Turkish Tax Regulations, loss without exceeding 5 years can be discounted from corporate income for the period. However, loss cannot be discounted from previous year profits.

There is not any application which consists of agreement between companies and tax authority about payables taxes in Turkey. Declaration of Corporate Tax has to give to related tax authority of Company in twenty fifth day of forth month of closed period. Moreover, tax authority can check Company records for 5 years and if there is a mistake, amount of taxes payables can be changed.

	January 01 – December 31 2022	January 01 – December 31 2021
Profit / (loss) before tax	299.265.564	327.677.186
Non-deductible expenses	28.194.701	14.395.905
Donations	-	(300)
Corporate Tax Base	327.460.264	342.072.791
Reduced Corporate Tax Base	212.405.191	84.660.367
Corporate Tax	26.068.745	64.353.106
Reduced Corporate tax (*)	10.450.502	6.958.715
Discount of Corporate Tax (Compatible Taxpayer Discount)	(1.825.962)	(2.000.000)
Tax Expenses for the Period	34.693.285	69.311.821

(*) The Company has revalued its fixed assets, which are formed by the Provisional Article 32 of the Tax Procedure Law and the repetitive Article 298/ç of the Tax Procedure Law. While the amount of discount arising from the reduced corporate tax application benefited by the company before the valuation was 20,060,976 TRY, after the valuation, this amount became 36,278,640 TRY. After the mentioned valuation application, the reduced corporate tax amount increased by 16,217,665 TRY. Value increases resulting from the said valuation process are not taken into account in the reporting made according to TAS and IFRS standards. For this reason, temporary differences are taken into account in the deferred tax calculation.

As of December 31, 2022, Company has no retained loss which can be deducted from corporate tax for future profits.

Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

Differences in question generally sourced from accounting of expenses and incomes for different reporting periods according to CMB declarations and Tax Law. The rate which is applied for deferred tax receivables and liability is calculated as 20% according to liability methods on temporary differences as of December 31, 2008. 22% was applied for 2018, 2019 and 2020 and 25% for 2021 and %20 for 2022.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (CONTINUED)

The effect of the temporary differences resulting from the revaluation of the fixed assets of the company in accordance with the Temporary Article 32 of the Tax Procedure Law and the Repetitive Article 298/ç of the Tax Procedure Law is 8,794,367 TRY on the deferred tax calculation.

	After revaluation	Before revaluation	Difference
Total of temporary differences	178.467.910	222.439.747	43.971.837
Deferred tax effect (%20)	35.693.582	44.487.949	8.794.367

The breakdown of accumulated temporary differences and deferred tax assets and liabilities subject to deferred tax as of December 31, 2022, and December 31, 2021, using the current tax rates, is as follows:

	Accumulated Temporary Differences		Tax Rate	Deferred Tax Assets / (Liabilities)	
	December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
Deferred Tax Assets / (Liabilities)					
Employee benefits	69.088.817	44.208.769	20%	13.817.763	11.052.192
Provisions of debt	3.404.269	4.511.888	20%	680.854	1.127.972
Usage liabilities	(8.083.360)	(5.293.452)	20%	(1.616.672)	(1.323.363)
Cash assets currency differences	-	(3.972.179)	20%	-	(993.045)
Buyers' currency difference	178	(6.751.207)	20%	36	(1.687.802)
Seller's currency difference	280.230	3.340.241	20%	56.046	835.060
Bank credits	2.503.130	342.886	20%	500.626	85.722
Expected sales returns	338.855	265.379	20%	67.771	66.345
Rediscount of receivable checks and notes	6.780.400	(1.037.207)	20%	1.356.080	(259.302)
Provisions of doubtful receivables	1.038.052	1.041.397	20%	207.610	260.349
Tangible fixed assets	252.415.773	(27.544.399)	20%	50.483.155	(6.886.100)
Intangible fixed assets	27.922.529	5.855.319	20%	5.584.506	1.463.830
Inventories	33.796.374	18.461.427	20%	6.759.275	4.615.357
Interest differences on sales	(6.529.487)	(20.095.663)	20%	(1.305.897)	(5.023.916)
Interest differences on purchases	5.069.406	(4.149.310)	20%	1.013.881	(1.037.328)
Reduced Corporate Tax	178.467.910	115.480.624	20%	35.693.582	28.870.156
TOTAL				113.298.616	31.166.128

(*) It is the deferred tax amount calculated for the actuarial gain / loss amount within the scope of the amendment to TAS 19 Employee Benefits Standard.

	31 December 2022	31 December 2021
Opening balance	31.166.128	39.225.461
Current year deferred tax gain/(loss)	82.132.488	(5.640.835)
Deferred tax reflected in shareholders' equity	-	(2.418.498)
Deferred Tax Assets	113.298.616	31.166.128

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

41) EARNING PER SHARE

	January 01- December 31, 2022	January 01- December 31, 2021
Net profit / (loss)	379.403.410	262.662.670
Weighted average number of common shares	7.500.000.000	7.500.000.000
Profit/(Loss) Per Share	0,050587	0,035022

42) SHARE BASED PAYMENT

None. (December 31, 2021: None.)

43) CONTRACTS OF INSURANCE

None. (December 31, 2021: None.)

44) EFFECTS OF EXCHANGE RATE CHANGES

None. (December 31, 2021: None.)

45) REPORTING IN THE HYPER INFLATION ECONOMY

Prepared financial tables before the period of January 01, 2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under IAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMB took a decision on March 17, 2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMB (CMB: Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning started on January 01, 2005, Financial Reporting on the high inflation economies standard (IAS 29) that is published by IASC, were not applied.

46) DERIVATIVE INSTRUMENTS

None. (December 31, 2021: None.)

47) FINANCIAL INSTRUMENTS

- Short Term Financial Loans

	December 31, 2022	December 31, 2021
Short term bank loans	261.843.408	13.376.384
Accruals of interest	7.914.212	94.391
Total	269.757.620	13.470.775
December 31, 2022		TRY
TRY		269.757.620
Total Financial Liabilities		269.757.620

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

47. FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2021	Foreign Currency Amount	Exchange Rate	TRY
EUR	665,322	15,1139	10.055.605
TRY	3,415,171	1,0000	3.415.171
Total Financial Liabilities			13.470.775

- Other Short-Term Financial Liabilities

	December 31, 2022	December 31, 2021
Other Financial Liabilities	8.373.108	1.928.558
Total	8.373.108	1.928.558

- Other Long-Term Financial Liabilities

	December 31, 2022	December 31, 2021
Other Financial Liabilities	3.285.091	2.536.673
Total	3.285.091	2.536.673

In terms of contracts that meet the definition of lease in TAS 17 and IFRS Comment 4, the Company does not require a re-evaluation within the scope of IFRS 16, with new contracts signed as of January 1, 2019, which is the first application date of IFRS 16, and it has applied IFRS 16 standard for long-term lease contracts and reported the amounts to be paid in less than one year, short term liabilities and the amounts to be paid in more than one year in the long term liability section in the financial statements.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022
(Amounts are expressed in TRY unless otherwise stated.)

48) LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

Credit risk

Credit risks by types of financial instruments are shown as follows:

31.12.2022	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E) (*)	163.006.972	251.121.761		56.716.821	28.954.062		94.364.329
- Part of credit risk guarantied with assurance	-	-	-	-	-	-	-
A. Net book value of not overdue and not impaired financial assets	163.006.972	236.052.283	-	56.716.821	28.954.062	-	-
B. Book value of renegotiated terms; otherwise counted as overdue or impaired financial assets	-	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	14.396.252	-	-	-	-	-
D. Net book value of assets which are overdue	-	-	-	-	-	-	-
-Overdue (gross book value)	-	2.279.766	-	-	-	-	-
<i>Impairment (-)</i>	-	(1.711.050)	-	-	-	-	-
<i>-Part of net value guarantied with assurance</i>	-	-	-	-	-	-	-
-Part of net value guarantied with assurance	-	-	-	-	-	-	-
<i>-Impairment (-)</i>	-	-	-	-	-	-	-
<i>-Part of net value guarantied with assurance</i>	-	-	-	-	-	-	-
E. Items which include credit risk off-balance	-	-	-	-	-	-	-

(*) While determining the amount, received assurances that increase reliability of credit are not taken into account.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Credit risks by types of financial instruments are shown as follows:

31.12.2021	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E) (*)	251.400.485	127.855.847	-	34.063.057	77.318.665	-	117.611.538
- Part of credit risk guaranteed with assurance	-	-	-	-	-	-	-
A. Net book value of not overdue and not impaired financial assets	251.400.485	125.870.462	-	34.063.057	77.318.665	-	-
B. Book value of renegotiated terms; otherwise counted as overdue or impaired financial assets	-	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	1.309.505	-	-	-	-	-
D. Net book value of assets which are overdue	-	675.880	-	-	-	-	-
-Overdue (gross book value)	-	2.390.276	-	-	-	-	-
<i>Impairment (-)</i>	-	(1.714.396)	-	-	-	-	-
<i>-Part of net value guaranteed with assurance</i>	-	-	-	-	-	-	-
<i>-Part of net value guaranteed with assurance</i>	-	-	-	-	-	-	-
<i>-Impairment (-)</i>	-	-	-	-	-	-	-
<i>-Part of net value guaranteed with assurance</i>	-	-	-	-	-	-	-
E. Items which include credit risk off-balance	-	-	-	-	-	-	-

(*) While determining the amount, received assurances that increase reliability of credit are not taken into account.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

Aging table of overdue but not impaired assets is below:

31.12.2022	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	13.157.164	-	-	-	-	-
Overdue 1-3 months	-	1.182.944	-	-	-	-	-
Overdue 3-12 months	-	-	-	-	-	-	-
Overdue 1-5 years	-	56.144	-	-	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
Part that is guaranteed by assurance	-	-	-	-	-	-	-
Total	-	14.396.252	-	-	-	-	-

Aging table of overdue but not impaired assets is below:

31.12.2021	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	1.249.995	-	-	-	-	-
Overdue 1-3 months	-	20	-	-	-	-	-
Overdue 3-12 months	-	-	-	-	-	-	-
Overdue 1-5 years	-	59.489	-	-	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
Part that is guaranteed by assurance	-	-	-	-	-	-	-
Total	-	1.309.505	-	-	-	-	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk table related to derivative and non-derivative financial liabilities is presented below:

31.12.2022

Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	647.203.790	642.202.355	299.498.958	339.418.306	-	-
Bank credits	269.757.620	261.843.409	6.661.082	255.182.327		-
Financial leasing liabilities	11.658.199	11.658.199		8.373.108	3.285.091	-
Commercial debt	359.953.770	362.866.546	287.003.675	75.862.871		
Other debt	5.834.201	5.834.201	5.834.201			-
Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk table related to derivative and non-derivative financial liabilities is presented below:

31.12.2021

Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months (I)	Between 3- 12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Non-derivative financial liabilities	321.698.328	321.698.329	189.035.969	128.197.129	-	-
Bank credits	13.470.775	13.470.775	7.121.366	6.349.409	-	-
Financial leasing liabilities	4.465.231	4.465.231	-	-	-	-
Commercial debt	300.341.106	300.341.106	178.493.387	121.847.720	-	-
Other debt	3.421.216	3.421.216	3.421.216	-	-	-
Contractual Maturity	Book Value	Contractual total cash output (=I+II+III+IV)	Less than 3 months (I)	Between 3- 12 months (II)	Between 1-5 years (III)	Longer than 5 years (IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risk is a change in interest rates, exchange rates or the value of securities that will affect the company negatively.

	CURRENCY POSITION STATEMENT									
	31.12.2022					31.12.2021				
	TRY Equivalent (Functional currency)	USD	EUR	GBP	Other	TRY Equivalent (Functional currency)	USD	EUR	GBP	Other
1-Trade Receivables	235.745.246	11.063.333	1.009.005	389.757	-	256.274.559	18.468.203	528.686	118.873	-
2a-Monetary Financial Assets (Including cash and bank accounts)	16.010.810	840.085	15.182	-	-	150.327.204	9.914.361	1.204.948	-	-
2b-Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3-Other	1.434.587	34.370	39.725	0	-	6.906.519	65.011	400.351	-	-
4-Current Assets (1+2+3)	253.190.642	11.937.789	1.063.912	389.757	-	413.508.281	28.447.576	2.133.985	118.873	-
5-Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b-Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7-Other	-	-	-	-	-	-	-	-	-	-
8-Fixed Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9-Total Assets (4+8)	253.190.642	11.937.789	1.063.912	389.757	-	413.508.281	28.447.576	2.133.985	118.873	-
10-Trade Payables	153.721.434	906.965	6.860.357	(12.149)	-	117.406.648	2.146.390	5.871.807	-	-
11-Financial Liabilities	-	-	-	-	-	10.011.254	-	662.387	-	-
12a-Other monetary liabilities	2.270.963	38.663	102.486	-	-	538.757	26.242	12.461	-	-
12b-Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13-Short Term Liabilities (10+11+12)	156.492.397	945.628	6.962.843	(12.149)	-	127.956.659	2.172.633	6.546.655	-	-
14-Trade Payables	-	-	-	-	-	-	-	-	-	-
15-Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16a-Monetary Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16b-Non-Monetary Financial Liabilities	-	-	-	-	-	-	-	-	-	-
17-Long Term Liabilities (14+15+16)	-	-	-	-	-	-	-	-	-	-
18-Total Liabilities (13+17)	156.492.397	945.628	6.962.843	(12.149)	-	127.956.659	2.172.633	6.546.655	-	-
19-Net Position of Off-Balance-Sheet Derivative Instrument of Assets/(Liabilities) (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a-Total Asset Amount Hedged	-	-	-	-	-	-	-	-	-	-
19b-Total Liability Amount Hedged	-	-	-	-	-	-	-	-	-	-
20-Net Position of Foreign Exchange Asset/(Liability) (9-18+19)	96.698.246	10.992.161	(5.898.931)	401.906	-	285.551.623	26.274.943	(4.412.671)	118.873	-
21-Net Position of Foreign Exchange Asset/(Liability) for Monetary (-1+2a+5+6a-10-11-12a-14-15-16a)	95.263.659	10.957.790	(5.938.657)	401.906	-	278.645.104	26.209.932	(4.813.022)	118.873	-
22-Total Fair Value of Financial Instrument for Foreign Currency Hedge	-	-	-	-	-	-	-	-	-	-
23-Export	1.300.414.658	62.056.419	8.137.044	2.515.446	-	643.429.440	59.219.564	8.627.777	2.082.686	-
24-Import	138.891.646	544.362	7.524.734	132.636	-	61.488.944	2.314.972	3.862.876	114.879	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Currency Position Sensitivity Analysis

Exchange Rate Sensitivity Analysis				
31 December 2022				
	Profit/Loss		Equities	
	Appreciation Of Foreign Currency	Depreciation Of Foreign Currency	Appreciation Of Foreign Currency	Depreciation Of Foreign Currency
If the Dollar changes by 20% against the TRY;				
1. US Dollar net asset/liability	41.100.571	(41.100.571)	-	-
2. Part protected from US Dollar risk (-)	-	-	-	-
3. US Dollar net impact (1+2)	41.100.571	(41.100.571)	-	-
If the Euro changes by 20% against the TRY;				
4. Euro net asset/liability	(23.568.915)	23.568.915	-	-
5. Part protected from Euro risk (-)	-	-	-	-
6. Euro net impact (4+5)	(23.568.915)	23.568.915	-	-
If the other Currencies changes by 20% against the TRY;				
7. Other Currencies net asset/liability	-	-	-	-
8. Part protected from Other Currencies (-)	-	-	-	-
9. Other net impact (7+8)	-	-	-	-
TOTAL (3+6+9+12)	17.531.656	(17.531.656)	-	-

31 December 2021				
	Profit/Loss		Equities	
	Appreciation Of Foreign Currency	Depreciation Of Foreign Currency	Appreciation Of Foreign Currency	Depreciation Of Foreign Currency
If the Dollar changes by 20% against the TRY;				
1. US Dollar net asset/liability	70.033.316	(70.033.316)	-	-
2. Part protected from US Dollar risk (-)	-	-	-	-
3. US Dollar net impact (1+2)	70.033.316	(70.033.316)	-	-
If the Euro changes by 20% against the TRY;				
4. Euro net asset/liability	(13.350.141)	13.350.141	-	-
5. Part protected from Euro risk (-)	-	-	-	-
6. Euro net impact (4+5)	(13.350.141)	13.350.141	-	-
If the other Currencies changes by 20% against the TRY;				
7. Other Currencies net asset/liability	-	-	-	-
8. Part protected from Other Currencies (-)	-	-	-	-
9. Other net impact (7+8)	-	-	-	-
TOTAL (3+6+9+12)	56.683.174	(56.683.174)	-	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL RISK EXPLANATION)

Current Market Value

Current market value implies prices in a current transaction related to sale and purchase between bidder parties.

Financial assets and liabilities on foreign exchange currency are converted with the rates that are close to market prices at balance sheet date.

Methods and assumptions below are used to predict current market value of each financial instrument when it is possible to determine current market value of these instruments.

Financial Assets

Values of cash and cash equivalents and their accrued interests and carrying amount of other financial assets are considered as they are close to their current market value because they are short termed and have little credit risk. Carrying value of trade receivables after deduction of allowance of doubtful receivables is considered as it is close to its current market value.

Financial Liabilities

Carrying values of trade payables and other monetary liabilities are considered as they are close to their current market value since they are short termed. Bank credits are explained as deducted cost and transaction costs are added to their first cost of credit. Carrying value of credits is considered as it is close to its current market value since interest rates are updated considering the change in market conditions. Carrying value of trade payables is considered as it is close to its current market value because of being short termed.

50. POST BALANCE SHEET EVENTS

At the Board of Directors meeting of our company dated 09 February 2023, in order to obtain the funds needed in order to strengthen the capital structure in full and on time, to finalize the capital increase transactions in a short time and to reduce the watering down effect that will be experienced after the capital increase envisaged in the share price traded in the Stock Exchange, among other issues.

- To increase our issued capital from 75.000.000 TRY to 350.000.000 TRY within the registered capital ceiling of 150.000.000 TRY, based on the authority given to our Board of Directors by Article 6 of the Articles of Association,

- A portion of 209.000.000 TRY of the increased shares amounting to 275.000.000 TRY is from internal sources included in the financial statements dated 30 September 2022, which was prepared within the framework of our Company's legal books and records and the regulations of the Capital Markets Board (Board), and the remaining 66.000.000 TRY is from our shareholders to be met in cash without restricting their right to purchase new shares,

- 27.500.000.000 Group (C) bearer unprivileged shares to be issued representing the increased capital with a nominal value of TRY 275.000.000, Borsa İstanbul A.Ş. (Exchange) and the Board and Central Registry Agency INC. (CRA) issuance as a dematerialized share within the framework of dematerialization regulations,

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022
(Amounts are expressed in TRY unless otherwise stated.)

50. POST BALANCE SHEET EVENTS (CONTINUED)

- Signing a brokerage agreement with Turkish Yatırım Menkul Değerler A.Ş. in order to fulfill the brokerage investment within the scope of capital increase transactions,
- In the use of new share purchase, the price of a share (1 lot) with a nominal value of 1 TRY, consisting of 100 shares with a nominal value of 1 Kurus each, is paid as 5 TRY,
- The use of the new payment period for 15 days, if the last period of this period coincides with a public holiday, the end of the usage period of the new payment period on the evening of the following business day,
- After the exercise of the right to purchase new shares, the remaining shares will be offered to the public for 2 working days over the price to be formed in the Exchange Primary Market, provided that the price of a share (1 lot) with a nominal value of 1 TRY, each consisting of 100 shares with a nominal value of 1 Kurus, is not less than 5 TRY,
- Pursuant to Article 25 of the Board's Communiqué on Shares numbered VII-128.1, in case of exercising the new share purchase rights and after the exercise of the new share purchasing rights, the remaining shares are unsold after the public offering, the said unsold shares are canceled within 6 (six) working days.
- Within the framework of the provisions of the Board's Communiqué on Shares numbered VII-128.1 and the Prospectus and Issuance Certificate No. II-5.1, to apply to the Board with a prospectus to be issued for the capital increase and requesting the approval of the announcement to the savers,
- Within the framework of the provisions of the Capital Markets Board's Registered Capital System Communiqué numbered II-18.1, as the current registered capital ceiling of 150.000.000 TRY will be exceeded due to the capital increase and the addition of internal resources to the capital, which was decided at the meeting of our company on the same date; Increasing the registered capital ceiling to 3,000,000,000 TRY, changing the validity period of the registered capital ceiling to cover the years 2023-2027 and to amend Article 6 of the Company's Articles of Association, titled "Capital", in order to update the issued capital amount after the capital increase.
- The Board, Ministry of Commerce, Borsa İstanbul A.Ş., MKK, İstanbul Takas ve Saklama Bankası A.Ş. and making necessary applications before other relevant institutions and organizations,
It has been decided to authorize the General Directorate to carry out all kinds of transactions, including but not limited to obtaining permits or approvals, signing prospectuses, announcements, contracts, statements, and similar documents.

51. MATTERS WHICH IMMENSELY AFFECT FINANCIAL STATEMENTS OR ARE NECESSARY TO MAKE FINANCIAL STATEMENTS CLEAR, COMPREHENSIBLE, AND INTERPRETABLE

None. (December 31, 2021: None.)

52. FIRST APPLICATION OF TAS

None. (31.12.2021: None)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

53. EXPLANATION ABOUT CASH FLOW TABLES

Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash	3.078	1.811
Banks	28.954.062	77.318.665
-Demand deposit	28.954.062	24.002.665
-Time deposit	-	53.316.000
Other current assets	94.364.329	117.611.538
- Repo	33.800.000	80.309.500
-POS accounts	60.564.329	37.302.038
Total	123.321.469	194.932.014

-Details of currency of time deposit and currency of repo related to December 31, 2022, are shown as below:

Currency of Repo	Maturity	Interest Rate	31.12.2022 TRY
	2.01.2023	16,00%	13.700.000
TRY	2.01.2023	14,40%	20.100.000
Total			33.800.000

-Details of currency of time deposit and currency of repo related to December 31, 2021, are shown as below:

Currency of Repo	Maturity	Interest Rate	31.12.2021 TRY
TRY	31.12.2021	16,00%	7.000.000
Total			7.000.000

Currency of Repo	Maturity	Interest Rate	31.12.2021 USD	31.12.2021 TRY
USD	31.12.2021	0,10%	5.500.000	73.309.500
Total			5.500.000	73.309.500

Time Deposit Currency	Maturity	Interest Rate	31.12.2021 USD	31.12.2021 TRY
USD	8.12.2021	1,15%	2.500.000	33.322.500
USD	28.12.2021	1,30%	1.500.000	19.993.500
Total			4.000.000	53.316.000

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts are expressed in TRY unless otherwise stated.)

53. EXPLANATION ABOUT CASH FLOW TABLES (CONTINUED)

Annual movements that do not create any inflow or outflow of cash in cash flow tables:

	31.12.2022	31.12.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES	(14,587,345)	224,548,824
Profit/Loss for The Period	379,403,410	262,662,670
Adjustments to Reconcile Net Profit/Loss for The Period	39,527,535	103,645,801
Adjustments Related with Amortization and Depreciation	34,848,399	25,708,524
Adjustments Related to Impairment / Reversal	439	(993)
Provision for Inventory Impairment	439	(993)
Adjustments Related to Provisions	39,501,264	15,169,555
Adjustments Related to Provision for Employee Benefits	21,812,786	9,929,963
Adjustments Related to Other Provisions	18,799,442	4,978,465
Adjustments Regarding Lawsuits and / or Penalty Provisions	(1,221,925)	(199,415)
Adjustments for Free Provisions (Cancellation) for Potential Risks	(3,346)	(3,990)
Adjustments Related to Provision for Guarantees	114,307	464,532
Adjustments Related to Interest Income / (Loss)	1,964,075	586,813
Adjustments Related to Interest Income	(2,151,773)	(555,977)
Adjustments Related to Interest Expense	4,115,848	1,139,790
Adjustments Related to Tax (Income) Expense	(48,762,050)	74,952,656
Adjustments Related to Losses (Gains)		
Arising from the Disposal of Fixed Assets	73,895	(2,544,826)
Adjustments Related to Losses (Gains)		
Adjustments from the Disposal of Fixed Assets	73,895	(2,544,826)
Other Adjustments Related to Profit / Loss Reconciliation	11,901,513	(10,225,929)
Changes in Business Capital	(433,518,290)	(141,759,647)

54. EXPLANATIONS ABOUT CHANGES IN EQUITY STATEMENT

The Company's equity change table is presented appropriately for explanatory notes and financial tables of basis according to the statement which was published on Weekly Newsletter No: 2103/19 by CMB on July 07, 2013.

The effect of accumulated profits/losses account that is composed of the differences of accounting politics explained on Note 2; and the effects of other accumulated comprehensive income/expense that will not be reclassified as profit or loss on comprehensive income statement are shown in the Changes in Equity Statement.

21. Declaration of Compliance with Corporate Governance Principles of 2022

Ege Seramik İç Ve Dış Ticaret A.S. (hereinafter referred to "the Company") complies with the mandatory principles in the "Corporate Governance Communiqué" published in the Official Gazette numbered 28871 on 3 January 2014 and applies these principles.

The Corporate Governance Principles Compliance Report of our Company has been submitted to the information of our investors under heading "Corporate Governance Compliance Report" of the "Investor Relations" section and also in our Activity Reports arranged for the subject years.

Ege Seramik is committed to comply with the Corporate Governance Principles issued by the Capital Markets Board and the four principles of the Corporate Governance based on Transparency, Fairness, Responsibility and Accountability and to make arrangements for the issues to be adapted subject to the conditions that are developing.

Ege Seramik has taken the necessary steps in line with the Corporate Governance Principles and proved its commitment to all its shareholders and all stakeholders with its determination to comply with the Corporate Governance Principles and all its activities.

Our Company believes in the importance of fully compliance to the Corporate Governance Principles. However, due to the difficulties in implementation in some of the non-obligatory principles, the ongoing discussions in our country as well as in the international platform in terms of compliance with certain principles, and the incompatibility of some principles with the current structure of the market and the company, have not been fully complied with, yet. Developments related to the subject are being monitored and our efforts towards compliance are continuing.

The Company complies with the principles stipulated in the Corporate Governance Communiqué No II-17.1 ("Communiqué").

Although there is no written company policy regarding the recommendation "determines the target ratio and target time, not less than 25% for the female member rate in the board of directors, and forms a policy to achieve these goals" as stipulated in Article 4.3.9 of the Communiqué; in 2022, the rate of female members in the Board of Directors was 17%.

In addition, the "Nomination Committee" and the "Remuneration Committee" obligations under Article 4.5.1 of the Communiqué are undertaken by the "Corporate Governance Committee"; and in Article 4.5.5 of the Communiqué, "although the recommendation that a member of the board of directors should not be included in more than one committee, is paid attention to comply with, due to the business expertise required by the committee membership, a member of the Board of Directors may become a member of more than one committee."

In order to comply with the principles in the next period; necessary work shall be carried out by taking into account the regulations and practices of the CMB Corporate Governance Communiqué numbered II-17.1 and published in the Official Gazette on 3 January 2014 by the Capital Markets Board.

- **2022 Corporate Governance Compliance Report**

2022 Corporate Governance Compliance Report is published on the Public Disclosure Platform and www.egeseramik.com website in addition to the 2022 Annual Report

- **2022 Corporate Governance Information Form**

2022 Corporate Governance Compliance Report is published on the Public Disclosure Platform and www.egeseramik.com website in addition to the 2022 Annual Report.

22. Events After the Reporting Period

At the Board of Directors meeting of our company dated 09 February 2023, in order to obtain the funds needed in order to strengthen the capital structure in full and on time, to conclude the capital increase transactions in a short time and to reduce the watering down effect that will be experienced after the capital increase envisaged in the share price traded in the Stock Exchange, among other issues;

- Pursuant to the authority given to our Board of Directors by Article 6 of the Articles of Association, our issued capital is increased from 75.000.000,-TL to 350.000.000,-TL within the registered capital ceiling of 150.000.000,-TL,

- 209.000.000,-TL *of the increased shares amounting to 275.000.000,-TL is to be met from internal sources included in the financial statements dated 30 September 2022, which were prepared in accordance with the legal books and records of our Company and the regulations of the Capital Markets Board (Board) and finally disclosed to the public, and the remaining 66.000.000,-TL will be met in cash without limiting the rights of our shareholders to purchase new shares,

- To issue 27.500.000.000 Group (C) bearer unprivileged shares to be issued representing the increased capital with a nominal value of 275.000.000,-TL, as a dematerialized share in the nature of being traded on Stock Market Istanbul AŞ (Stock Market) and within the framework of the regulations of the Board and Central Registry Agency AŞ (MKG) regarding dematerialization,

- Signing a brokerage agreement with Turkish Yatırım Menkul Değerler AŞ in order to carry out brokerage activities within the scope of capital increase transactions,

- In the exercise of the right to purchase new shares, the price of a share (1 lot) with a nominal value of 1,-TL, consisting of 100 shares with a nominal value of 1 Kurus each, is determined as 5,-TL,

- Allowing the right to buy new shares to be used for 15 days, and if the last day of this

period coincides with a public holiday, the expiry of the right to buy new shares on the evening of the next business day,

- The remaining shares after the use of new share purchase rights is to be offered to the public for 2 working days over the price to be formed in the Exchange Primary Market, provided that the price of a share (1 lot) with a nominal value of 1 TL, consisting of 100 shares with a nominal value of 1 Kurus each, is not less than 5 TL,

- Pursuant to Article 25 of the Board's Communiqué on Shares numbered VII-128.1, in case of unsold shares after the exercise of new share purchase rights and the public offering of the remaining shares after the exercise of new share purchase rights, the said unsold shares shall be canceled within 6 (six) business days,

- Applying to the Board with a request for approval of the announcement to the depositors with the prospectus to be drawn up due to the capital increase in accordance with the provisions of the Board's Share Communiqué No. VII-128.1 and the Prospectus and Issuance Certificate No. II-5.1,

- In accordance with the provisions of the Capital Markets Board's Communiqué on Registered Capital System numbered II-18.1, the current registered capital ceiling of 150.000.000,-TL will be exceeded due to the capital increase decided at the same date meeting of our Company and the addition of internal resources to the capital; to amend Article 6 of the Company's Articles of Association, titled "Capital", in order to increase the registered capital ceiling to 3.000.000.000,-TL, to change the validity period of the registered capital ceiling to cover the years 2023-2027, and to update the issued capital amount after the capital increase,

- In order to carry out capital increase and amendment of Articles of Association, It is hereby resolved that Board is decided to authorize the General Directorate to carry out all kinds of transactions, including but not limited to making necessary applications before the Ministry of Commerce, Borsa

İstanbul A.Ş., MKK, İstanbul Takas ve Saklama Bankası AŞ and other relevant institutions and organizations, obtaining permissions or approvals, signing prospectuses, announcements, contracts, statements and similar documents therefor,

