



2021

ANNUAL REPORT



MESSAGE FROM BOARD OF DIRECTORS

To our esteemed Shareholders, Business Partners and Employees,

We left behind us a year of difficulties experienced by fires, floods, economic and political crises. The Covid 19 epidemic has shaken the whole world deeply for the last two years and has increased its effects in all fields. The virus, which infected nearly half a billion people in this process, led to the death of 6 million people. Although we have come a long way by valuable scientific studies in two years, we felt the negative effects on the economy in 2021, we left behind.

As of 2021, Covid-19 also drew attention to the climate crisis, which is a very important point for the world. We have stepped into a new era in which we feel responsible for the future of our world, especially for global brands.

In the report of the Intergovernmental Panel on Climate Change (IPCC) published, it has been certainly revealed that human impact is causing the warming of the world. The year 2021 has brought negativities such as forest fires, destroyed fertile lands and flood disasters both in Turkey and around the world. The importance of struggling with the climate crisis is clearly revealed as a result of these negativities. It is predicted that the climate crisis will lead to critical thresholds in agriculture and health for all humanity in the future, and that there will be longer and warmer seasons and shorter cold seasons. Therefore, it is predicted that the water cycle and precipitation patterns will change, sea levels will rise, and extraordinary events such as excessive precipitation will unfortunately affect humanity in the future.

In addition to the negative effects, the most important development in the Turkish economy as of 2021 has undoubtedly experienced in exports. In Turkey, exports increased by 32.85% in 2021 compared to 2020 and amounted to 225.4 billion dollars. The most important reasons for the increase are the acceleration of vaccination and the start of normalization

Turkey-wide ceramic tile exports increased by 24.2% compared to the previous year and reached 965 million dollars. However, serious increases in energy costs, which is the most important production input of the industry, breakage in supply chains and increases in freight prices have unfortunately negatively affected the competitiveness of the Turkish ceramics industry in the foreign market.

Due to the negative increases in production and export costs in 2021 and uncertainties in commodity and energy prices, the confidence and expectation indices of the construction sector for 2021 decreased. Unfortunately, the economic fluctuations, the increase in the exchange rate and the depreciation of the Turkish Lira brought along cost and price increases, negatively affecting the construction industry.

Against all these negativities, we managed to balance the economic fluctuations experienced, by managing the demands from our customers in both domestic and international markets, with our privileged services and strategic decisions that we have given for many years in the sales markets, and we have achieved the highest profitability in history. In order to maintain our high brand awareness, to strengthen our respected position and to reach further levels, we have worked tirelessly and continue to do so. Being aware of our responsibilities for a healthy and sustainable world along with our works, we have crowned our works by adapting to innovations that do not harm nature and people and by certifying our practices. After last year, we have worked to create fields where our customers can reach our products more easily by enriching our product portfolio in line with global trends. We left behind a very successful year, in which we expressed ourselves through the right communication to all our consumers.

Dear our esteemed Shareholders,

Our company has a management approach that can always adapt to developing and changing market conditions. As a result of the decisions taken in line with this approach, our capacity utilization rate increased by 16,16% in 2021 compared to the previous year and materialized as 83,68%. Conclusively, approximately 21 million m² of product manufacturing and sales were realized.

Cost increases due to breaks in the supply chain, increases in energy prices and rises in commodity prices in 2021 had a negative impact on our Company. Against these negativities, with the positive effect of the increase in our domestic and foreign sales revenues, as a result of our calculations made pursuant to IFRS, an EBITDA profitability of TRY 317,779,973 was obtained. Compared to the previous year, our EBITDA profitability increased by 147.47%.

Dear our esteemed Shareholders,

"Profit Distribution Policy"; in accordance with all applicable legislation available in our Country and the relevant provisions of the Company's Articles of Association; it is determined by taking into consideration the situation of the country's economy and the sector and taking into consideration the sensitive balance between the expectations of the shareholders and the needs of the Company.

In this context, the realization of the following items from the net distributable profit of our Company for 2021 has been proposed to our General Assembly on Thursday, March 03, 2022 by our Board of Directors;

It has been decided not to give dividends to the members of the Board of Directors from the net distributable profit for the period,

b) to give TRY 52,532,594.00 to the partners/shareholders as the first dividend,

c) to distribute TRY 27,316,948,88 to the Preferred Shareholders as dividends,

d) to give TRY 116.950.000,00 to the partners/shareholders as the second dividend,

e) In the financial table prepared in accordance with the provisions of the Tax Procedure Law, it has been decided to transfer the remaining amount to our legal records as an extraordinary reserve after the general legal reserve fund of TRY 19,304,954.29 has been allocated,

f) to make the payments to the beneficiaries on 18 April 2022,

Dear our esteemed Shareholders,

Under all these conditions, as Ege Seramik San ve Tic AŞ, we are extremely happy to achieve results beyond our goals with the contributions of our esteemed business partners and employees in 2021, we wish that 2022 will be a productive and successful year for our country and our company

Kind Regards

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 2021 - 31 December 2021.

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 25.02.2022 on full set financial statements of the Company arranged for the period 1.1.2021-31.12.2021.

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.

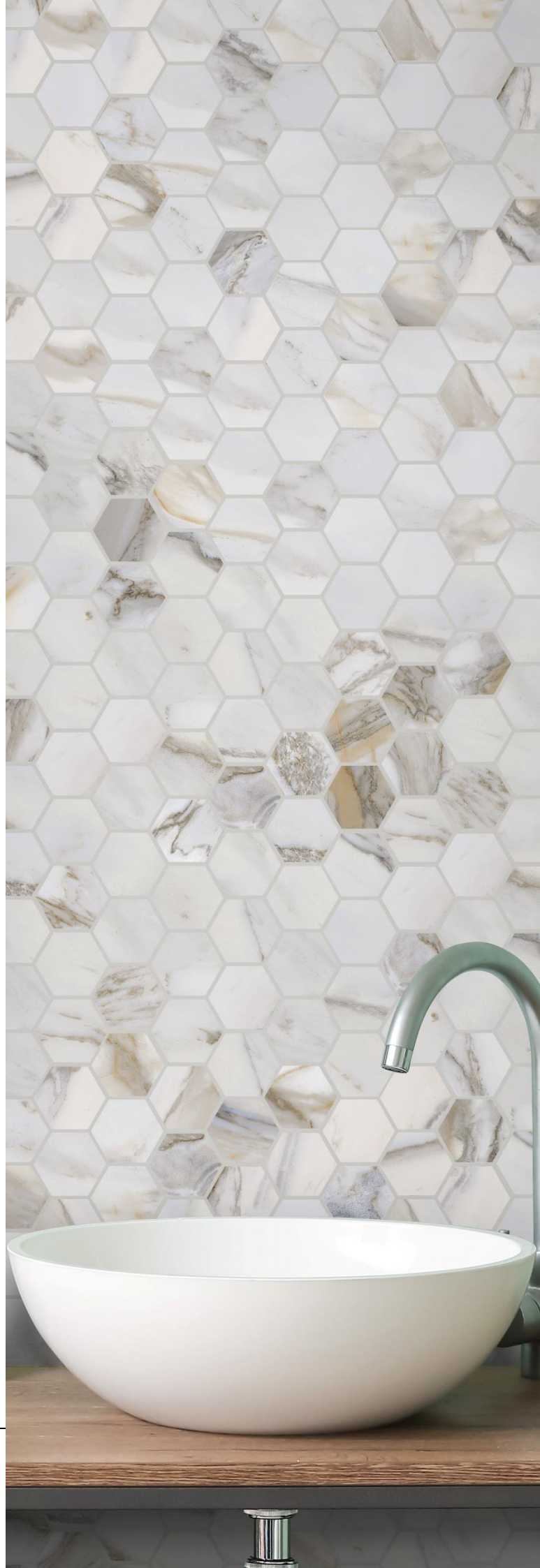
5) Liability of Independent Auditor with respect to Annual Activity Report

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 Independent Audit and CPA S.A.
(Member of NEXIA INTERNATIONAL)

Osman Tuğrul ÖZSÜT
Responsible Auditor
Istanbul, 25 February 2022



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A – HISTORY

1. Milestones

- 1972 Ege Seramik was established at 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 İnşaat Malzemeleri Pazarlama A.Ş. 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.

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 2021 – 31 December 2021
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 Sisli/İSTANBUL
Field of Activity	Production and sales transactions of ceramic floor and wall tile
Stock Share Code	EGSER

Contact Information

Telephone	(232) 878 17 00
Branch Telephone	(212) 217 44 90
Fax	(232) 878 12 54
E-mail address	info@egeseramik.com
Keş address	egeseramik@hs01.keş.tr
Web Site	www.egeseramik.com

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

a) Board of Directors



NİLGÜN AYTEKİN
DEPUTY CHAIRMAN of
BOARD of DIRECTORS



MURAT POLAT
CHAIRMAN of
BOARD of DIRECTORS



İBRAHİM FİKRET POLAT
DEPUTY CHAIRMAN of
BOARD of DIRECTORS



DİLEK NAM
INDEPENDENT MEMBER of
BOARD of DIRECTORS



TUBA TARLAN
INDEPENDENT MEMBER of
BOARD of DIRECTORS



GÖKSEN YEDİGÖLLER
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 2021:

Chairman
Murat POLAT
(Non-Executive Member)

Vice Chairman
İbrahim Fikret POLAT
(Non-Executive Member)
Vice Chairman
Nilgün AYTEKİN
(Non-Executive Member)
Member
Göksen YEDİGÜLLER
(Executive Member)
Independent Member
Dilek NAM
(Independent Member)
Independent Member
Tuba TARLAN
(Independent Member)

d) Executive Members of the Board of Directors

Board Member
Göksen YEDİGÜLLER

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 a 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.

Nilgün AYTEKİN

Born in Istanbul in 1963, she graduated from Istanbul University, Faculty of Economics, Department of Finance in 1985. She worked as an Independent Auditor between 1985 and 1992. She worked as Internal Auditor at Teletaş (Alcatel) AS between 1992-1994. She started to work as Internal Auditor in İbrahim Polat Holding in July 1995. Since then, she worked as Internal Auditor, Audit Manager, Financial Affairs Group Vice President, respectively, within İbrahim Polat Holding. She is still working for Ege Seramik as Vice Chairman of Board of Directors and speaks English.

Göksen YEDİGÜLLER

He was born in Izmir in 1963. He graduated from Dokuz Eylül University Economics department in 1983. In 1986, he started as Sales and After Services Specialist at Çanakkale Seramik AŞ İzmir Regional Directorate. He worked as Çanakkale Seramik AŞ Antalya Regional Manager between 1990-2002, Kalekim Sales Manager between 2003-2008, Sales and Marketing Manager for Kütahya Seramik AŞ between 2008-2010. He worked as the General Manager of Ege Seramik AS between 2010-2020. He is still Board Member of Ege Seramik A.S., Vice Chairman of Ege Vitrikiye AS, Board Member of Turkey Ceramics Federation and Member of the Board of Central Anatolia Exporters Union, Board Member of Ceramic Coating Association and Ceramic Sanitary Ware Manufacturers Association. He is married, has 2 children and speaks English.

Dilek NAM

She was born in 1961. He studied at İzmir American High School. She graduated from the 9 Eylül University Department of Law in 1987. She acted as General Coordinator Assisstant in BMC Otomobilcilik ve Tic. A.S.; lawyer, self-employed lawyer in Bulut& Bulut Law Office, respectively; still acting as legal advisor in USA Air Forces 425th Air Base. Registered to Izmir Bar Association and member of Turkish Criminal Law Association. She speaks English.

Tuba TARLAN

She was born in Izmir in 1962. 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 wel, 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.

Merter SAVAŞ

He was born in 1971 in Eskişehir. He graduated from Yıldız Technical University, Department of Industrial Engineering. Between 1997-2009, he worked as Sales and Planning Manager at Ege Vitrikiye Sağlık Gereçleri A.Ş. After working at Philip Morris International (Switzerland) in 2009, he started working again at Ege Vitrikiye Sağlık Gereçleri AŞ in the same year. Between 2009-2020, he served as Deputy General Manager and General Manager, respectively. He has been working as the General Manager of Ege Seramik Sanayi ve Ticaret AŞ since 15 May 2020. Merter Savaş is married, has one child and speaks English and German.

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 27 (twenty-seven) individual resolutions made on various dates during year 2021. 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.

Chairman of Audit Committee: Dilek NAM
(Independent Member)

Member of Audit Committee: Tuba TARLAN
(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 27.05.2021 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.

Dilek NAM
Head of Corporate Governance Committee
27.05.2021-
(Independent Member of Board of Directors)

İbrahim Fikret POLAT
Member of Corporate Governance Committee
27.05.2021 -
(Non-executive Member of Board of Directors)

Mehmet BAŞTAŞ
Member of Corporate Governance
Committee 27.05.2021 -
(Investor Relations Director)

Within the scope of the assignment carried out in the Board Resolution no. 2020-15 dated 27.05.2021, 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

Göksen YEDİGÜLLER
Board Member and Head of Operations Group
He started to work at Ege Seramik as General Manager on 16.02.2010. He has worked as a senior manager in some large ceramic factories before this duty. He was nominated to the Operation Group Presidency on 15.05.2020 and to Board Membership on 27 May 2021.

Merter SAVAŞ
General Manager
He started to work at Ege Seramik as General Manager on 15.05.2020. He has worked as a General Manager at Ege Vitrikiye Sağlık Gereçleri A.S. before this duty.

Mehmet BAŞTAŞ
Investor Relations Director /Finance Director
He has been assigned as of 27.05.2021; and still working as Financial and Administrative Affairs Manager in our Company.

Nurgün AY
Factory Manager
She started her career at Ege Seramik in 2006 as Research and Development Laboratory Manager, after her appointment as Deputy Factory Manager, on 01.01.2017 she has nominated as and still in the position of Factory Manager.

Nevin ÇİFTÇİOĞLU
IT Manager
She joined the organization of Ege Seramik as the Analyst Programmer in 1992. She has been keeping office as the IT Manager since 2004.

İ. Volkan DERİNBAŞ
Sales, Production Planning and Logistics
Manager
He joined the organization of Ege Seramik as the Production Planning Supervisor in 2004. Between 2005 and 2020, he worked as the Production Planning and Logistics Manager. Since 2020, he has been appointed as Sales, Logistics and Planning Manager. He still carries out the same position.

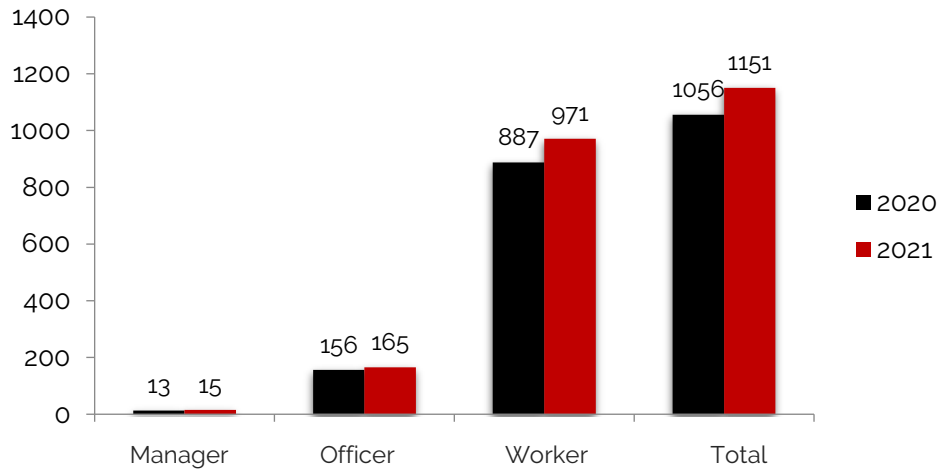
i) Employees

Average number of our employees occurred to be 1,151 in the year 2021. The average age of our employees is 35 and average seniority period is 6 years. Out of the total number of our employees, 10% are university graduates; 8% vocational college graduates, 37% high school graduates and 42% primary school graduates. Out of our administrative staff members, 10% has master's degree, 55% bachelor's degree, 19% are vocational college graduates, 12% high school graduates and 4% primary school graduates.

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

Average Number Of Personnel	2020	2021
Manager	13	15
Officer	155	165
Worker	888	971
Total	1.056	1.151

Avrg. Num. of Personnel



j) No business and competition with the Company

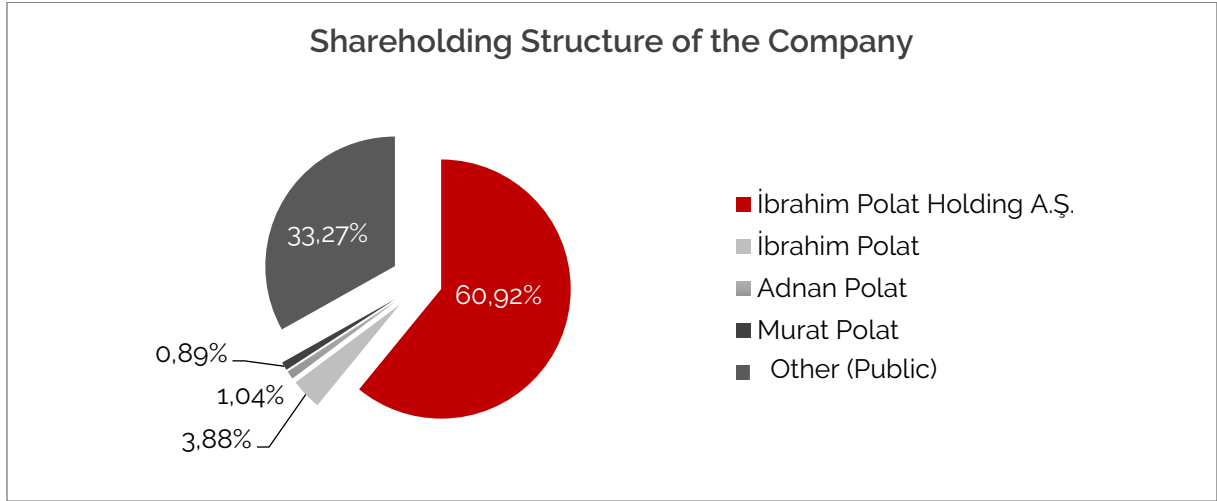
Chairman and members of the Board of Directors may not directly or indirectly carry out any business with the Company on their own or on others' behalf without obtaining permission from the General Meeting of Shareholders. Chairman and members of the Board of Directors have been authorized as per the Turkish Commercial Code by the General Meeting of Shareholders held on 27/05/2021. 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 2021.

4. Organization, Capital and Shareholding Structure of The Company

a) Capital : TRY 75.000.000.-.

b) Registered Capital : TRY 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%



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 2020 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.

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 27.05.2021, it was decided to pay a monthly gross 8,000 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 2021, amounting to TRY 6,722,732.



6. Shareholders

a) Shareholder Relations Function

The following people keep office in the Shareholder Relations Function:

Mehmet BAŞTAŞ

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

Mehmet Bastas, having "Capital Market Activities Level 1 License-523903", as stipulated in CMB "Corporate Management/Governance Communique" 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 **2021** has been submitted in the Board of Directors Meeting **on 25 February 2022**.

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 01.01.2021-31.12.2021, 60 (Sixty) 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 2021.

c) General Assembly Meetings

- An annual general meeting of shareholders was held in 2021. General Meeting of Shareholders for our Company's operations in 2020 was held on May 27, 2021 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 27.05.2021 and the shareholders were informed and requested for approval of that no donation has been made in the year 2020. The Board of Directors has entitled to donate with a limit of 35,000.- TRY (Thirty five thousand Turkish Liras) for the year 2021, 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 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 01.01.2020 - 31.12.2020 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 84.458.251 as profit after tax.

In accordance with the decision of the Board of Directors of our company dated 12.04.2021 and numbered 2021/12; according to our financial statements for the period, 01.01.2020-31.12.2020 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 95.965.585,20 which includes the donations made during the year, was accepted at the Ordinary General Assembly Meeting of the Partners held on 27.05.2021.

- Dividend payments for 2020 were made on June 7, 2021.

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	0.8903	0.75677
A Group, No Transaction (Preferred), TREEGSR00012	511.816,45	435.043,99
B Group, No Transaction (Preferred), TREEGSR00020	213.256,86	181.268,33

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.

7. 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 18 (eighteen) 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 2021. 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

The Covid-19 epidemic, which started in 2020 and continued in 2021, adversely affected all ceramic manufacturers and material suppliers in the world. The epidemic has led to an emphasis on the search for raw materials and auxiliary materials which have difficulties in supplying and cannot be supplied, alternative recipes and alternative suppliers. In addition, container supply problems and increasing logistics costs around the world have increased the search for domestic manufacturers.

The inability to hold domestic and international fairs due to Covid-19 in 2020, especially interruption in travels to Italy, the starting point of ceramic fashion, adversely affected the development of new products. In 2021, with the increase in efforts to combat epidemics and the acceleration of vaccinations, new product development studies have regained their previous form. Due to the restrictions in the organization of the fairs, the showroom, fair and material promotion brochures that were moved to the virtual environment were presented to the manufacturers and customers. Within the scope of the new normal, up-to-date information about the developments was obtained through the meetings held in the electronic environment.

Thanks to the technological developments in digital printing, new horizons have been opened in new product development. In this context, R&D activities were accelerated to prototype works and constant communication with material supply companies was maintained.

anti-bacterial surfaces. Due to this requirement, it paved the way for material suppliers to engage in new searches and introduce new products to the market. Through our R&D activities carried out in this context, in line with the demands of our customers, anti-bacterial studies and certifications of our products have been fulfilled.

Our new products were presented to our customers at the Coverings fair held in Orlando, USA on 7-9 July 2021. In the fair, new products were exhibited by usage of the changes in digital technology, especially in the last period.

In the initial period of the Covid-19 pandemic, ceramic manufacturers in Europe experienced capacity reductions. There has been a significant decrease in China's exports to the United States. During the phase wherein the epidemic has been kept under control, Spanish and Italian producers, who experienced a shirkage in the market, started to import clay and albite from the mines in our country to keep stocks. As a result, domestic ceramic manufacturers' procurement costs were adversely affected by price increases and limited stock levels. In order to keep production costs under control, new raw material researches were made and new recipes were developed by focusing on R&D studies.



Between 26.09.2021-30.09.2021, CERSAIE Ceramic Tile and Bathroom National Fair was held in Bologna, Italy. Our company's Autumn 2021 collection - hexagon shaped new series, Mini Tile series, marble and modern designed products were presented to customers at the fair.

Our company took its place in the International "Ceramic Bathroom Kitchen" fair held at Istanbul CNR Expo center between 02-06 November 2021 and had the opportunity to exhibit deep relief wall tiles, metallic materials 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 very positive feedback has obtained.

In line with the developing technology and software activities, efforts to utilize artificial intelligence programs, which have a significant impact in almost every sector, in order to develop recipes and create new

opportunities within the scope of R&D activities of our Company, have accelerated

The recent increase in producer inflation, increases in logistics prices and the difficulties experienced in material supply chains have led our Company to seek new raw materials in the vicinity of our production area. For this purpose, it is aimed to accelerate the researches, to minimize the increasing costs and to create a higher quality and more sustainable production structure.

The main aim of all sectors has been to reduce the factors that harm nature and to create environmentally friendly processes in order to transfer the decreasing natural resources to new generations. The main agendas of the ceramics industry are energy, materials, recycling, reducing waste materials, increasing efficiency, and using domestic resources. Our R&D unit continues its work with sensitivity by making a situation analysis.



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 made a total of TRY 48,179,891.- modernization and renewal investments in 2021. The part of the investment corresponding to TRY 12,393,282- was completed within the scope of the Investment Incentive Certificate numbered 136299 F, which is still valid.

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 Dec 2021		31 Dec 2020	
	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 Bagimsiz Denetim ve Yeminli Mali Musavirlik A.S. trade named independent audit company for full attestation and independent audits during 2021 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 2021 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 2021 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

A total of TRY 300.- was donated by our company to the Turkish Education Foundation (Turk Egitim Vakfi) in 2021.

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.

l) 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 2021 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.

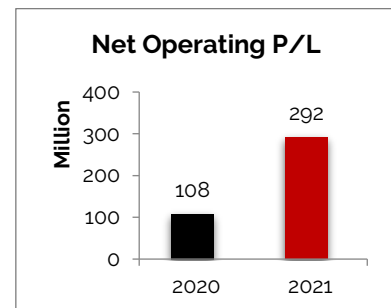
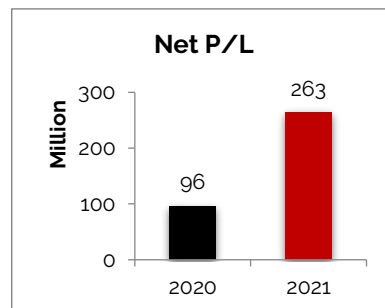
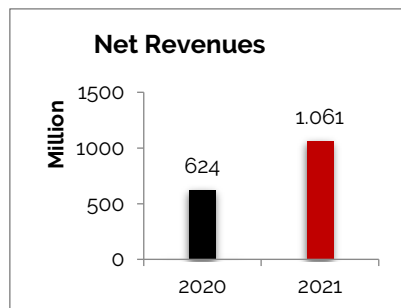
Accordingly, Ibrahim Polat Holding A.S., which is the holding company, has not caused any damages to its subsidiaries and affiliates due to the actions in question. As subsidiaries and affiliates have not incurred any damages, Board of Directors has not compensated for any damages.

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 2020	31 Dec 2021	%
Current Assets	447.187.921	810.937.923	81,34%
Fixed Assets	219.491.330	231.956.180	5,68%
Assets	666.679.251	1.042.894.103	56,43%
Short-Term Liabilities	201.333.698	374.874.956	86,20%
Long-Term Liabilities	45.202.027	54.711.449	21,04%
Share other than Parent Company	-	-	-
Capital Stock	420.143.528	613.307.698	45,98%
Liabilities	666.679.251	1.042.894.103	56,43%
Net working capital	245.854.223	436.062.967	77,37%

Condensed Income Statement (TRY)	31 Dec 2020	31 Dec 2021	%
Net Revenues	624.212.049	1.061.453.089	70,05%
Gross Profit	203.118.028	385.781.110	89,93%
Operating Profit	107.960.637	292.071.449	170,54%
Net Profit (-Loss)	96.369.447	262.662.670	172,56%
EBITDA (FAVOK)	128.410.462	317.779.973	147,47%

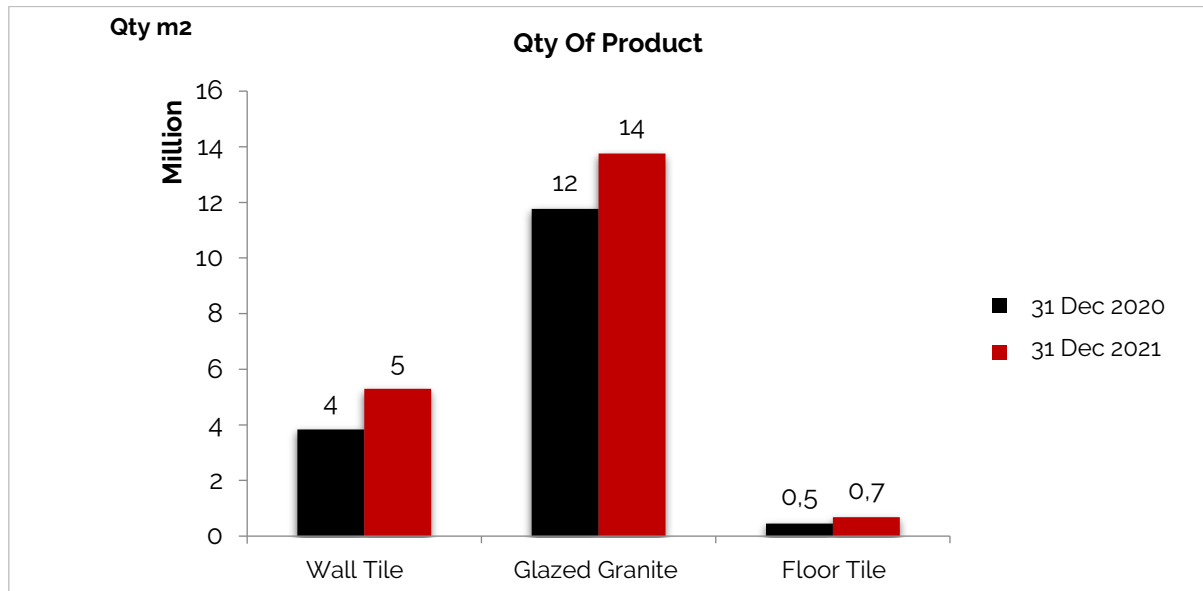


Financial Ratios	31 Dec 2020	31 Dec 2021	%
Current ratio	2,22	2,16	(2,61%)
Liquidity Ratio	1,58	1,67	5,58%
Gross Profit margin	32,54%	36,34%	11,69%
Operating Profit Margin	17,30%	27,52%	59,09%
Pre-tax Profit Margin	16,02%	31,81%	98,57%
EBITDA (FAVOK) margin	20,57%	29,94%	45,53%

12. Production

Ege Seramik has operated with a 83,68 % capacity utilization in 2021. Our production has increased by % 22,99 when compared with the previous year 2020, and materialized as 19.745.247 m². Production output, compared to the preceding year was realized as follows.

Production (m ²)	2020	2021	Inc/Dec	%
Wall Tile	3.832.871	5.301.794	1.468.922	38,32%
Glazed Granite	11.770.006	13.762.429	1.992.423	16,93%
Floor Tile	450.849	681.024	230.175	51,05%
Total	16.053.726	19.745.247	3.691.521	22,99%



13. Sales

According to the financial statements that were issued in accordance with the "Communiqué on Principles Concerning Financial Reporting in the Capital Market" no. II-14.1 of CMB; our net sales revenues in 2021 have been realized as TRY 1.061.453.089, increasing by 70,05 % when compared to year 2020; and the sales quantity has been realized as 20.905.806 m², increasing by 25,72% when compared to the preceding year.

Abroad sales quantity has been increased by 16,17 % while our domestic sales quantity was increased by 41,91% when compared to the preceding year 2020.

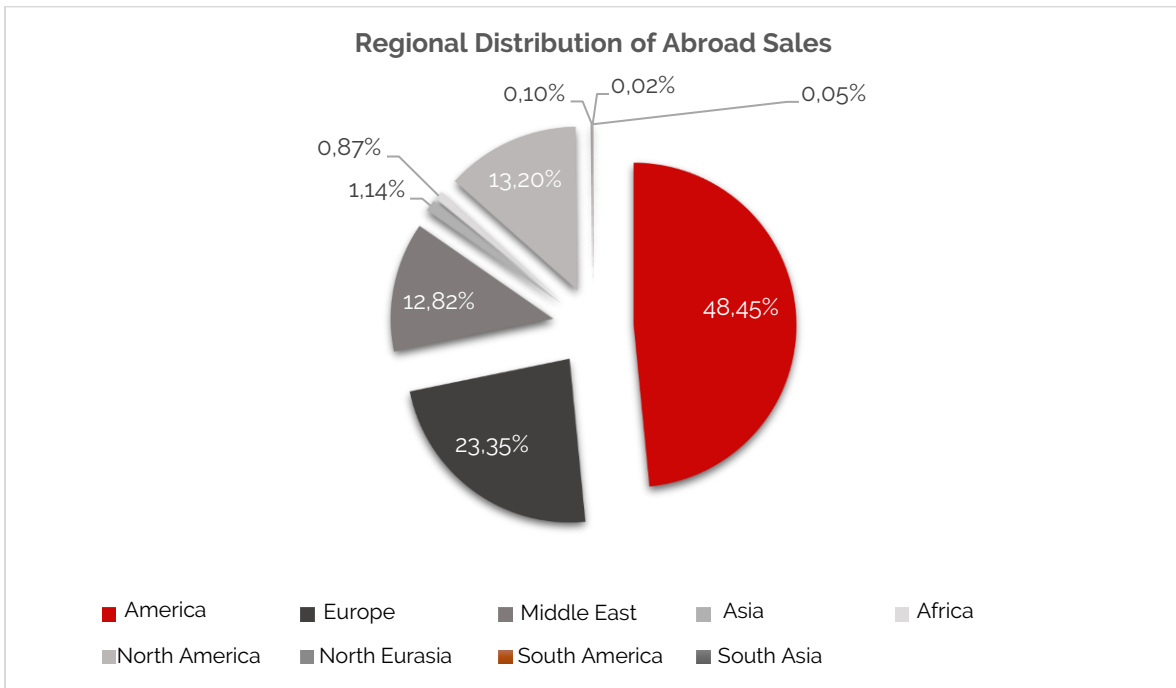
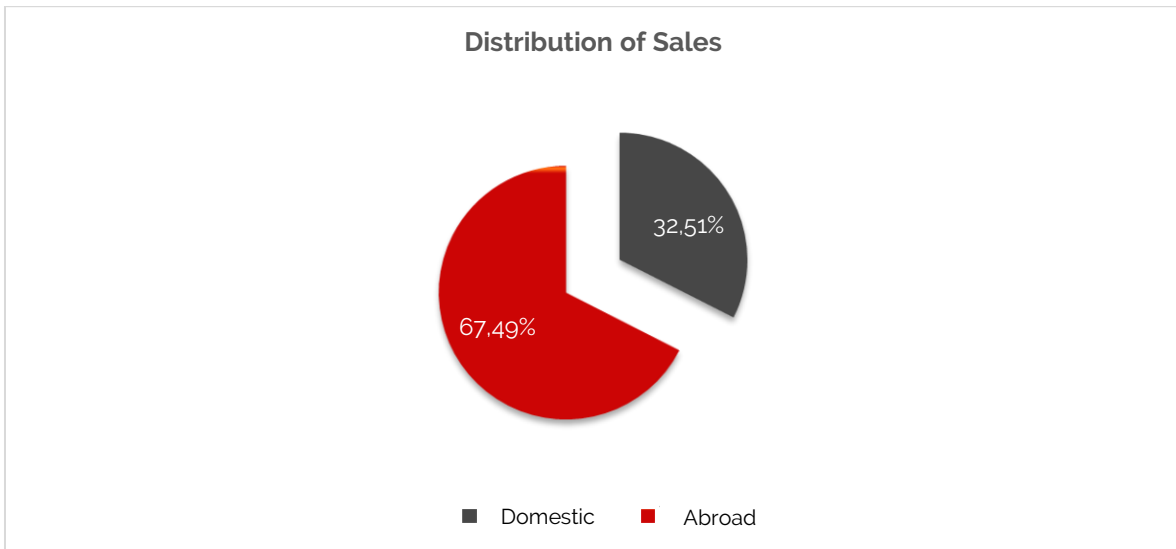
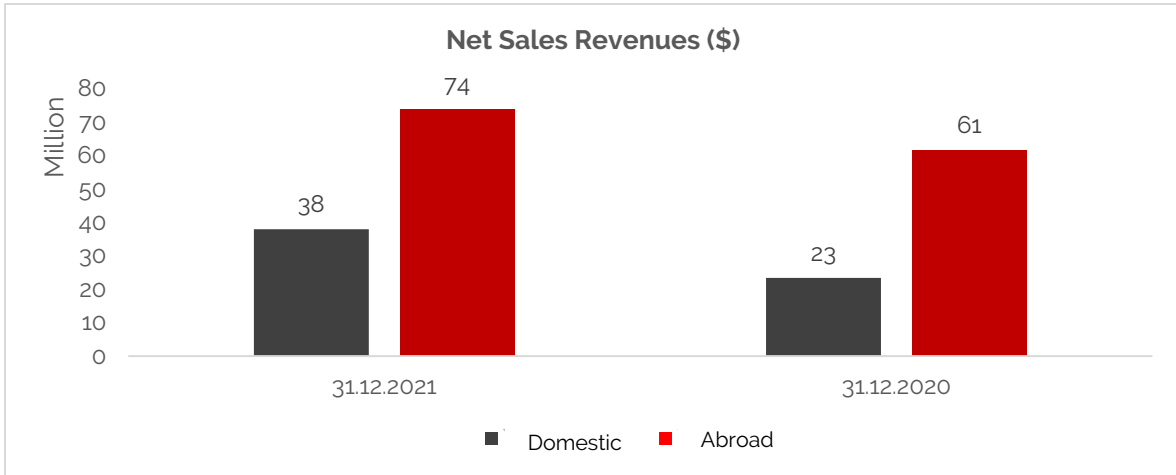
Sales (m ²)	31.12.2021	31.12.2020	Difference	%
Domestic	8.751.999	6.167.452	2.584.547	41,91%
Abroad	12.153.807	10.461.967	1.691.840	16,17%
Total	20.905.806	16.629.419	4.276.387	25,72%

Net Revenues (TL)	31.12.2021	31.12.2020	Difference	%
Domestic	345.094.759	164.291.515	180.803.243	110,05%
Abroad	716.358.331	459.920.533	256.437.797	55,76%
Total	1.061.453.089	624.212.049	437.241.041	70,05%

Net Revenues (USD)	31.12.2021	31.12.2020	Difference	%
Domestic	37.978.332	23.382.548	14.595.783	62,42%
Abroad	73.904.379	61.453.987	12.450.393	20,26%
Total	111.882.711	84.836.535	27.046.176	31,88%

Our exports were realized as USD 73.904.000 in year 2021.

Markets in which we are ambitious abroad are USA, Israel, England and France, respectively. Exports were achieved to 72 countries and 79,38% of the total revenues abroad were earned from USA, Israel, England and France in 2021.



14. Developments in the Sector

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

Both 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 had a significant impact in

favor of Turkish manufacturers in 2021 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 some ceramic producing countries, including Turkey. The process is expected to be completed in 2023. If it is decided to implement anti-dumping as a result of the investigation, Turkish manufacturers, especially exporting to the European market, may be adversely affected by this development.

In 2021, both domestic and international ceramic tile industry activities expanded significantly. Compared to 2020, Turkey's total export amount increased by 24% and reached 964 million USD.

Parallel to sales, there was a rapid increase in production in 2021. Turnovers showed a significant increase in 2021 due to increases in domestic sales and exports. Through the effect of increasing costs, there has been an increase in the unit m² prices of foreign exports. As a result of the activities carried out, the export volumes and turnovers exceeded the year 2020 despite the negative effects of the Covid-19 pandemic.

Within the scope of the information shared at the Workshop held by the Central Anatolian Exporters' Associations and Ceramics Federation; World ceramic tile production has reached a volume exceeding 13 billion m²; About 17% of the production is exported, 83% is evaluated within the country of production.

In 2021, Turkey's export value increased by 19.54% on quantity basis compared to the previous year. (Source: Turkey Ceramics Federation)

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 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, freight prices, which have increased due to the negative impact of the Covid-19 epidemic, are also added thereto. The ceramic industry, where energy is consumed extensively, is particularly sensitive to natural gas prices. Energy expense in ceramic production is up to 30-35% of the cost compared to the 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. In 2021, the natural gas prices, used in the industry was increased by 124% in total by BOTAŞ. This situation negatively affects costs and reduces competitiveness.

In addition, the costs incurred within the scope of the measures to combat the COVID 19 virus epidemic had a negative impact on the general manufacturing expenses of 2021.

15. 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 2021 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 2021 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. Studies for the retail sector, which always needs and seeks different, high quality, value-added and qualified products, continue without interruption.

b) Marketing and Publicity Studies

Despite the Covid-19 Pandemic, which unfortunately continued to be effective in 2021, Ege Seramik took its place in both physical and digital fairs and brought the

results of its new works, which continue uninterrupted, to current and potential customers and end users

In addition, social media, mobile application, 3D simulation programs and similar digital promotion tools have been actively used for marketing and promotion activities. Dealer and company showrooms were regularly renewed, and sales points were supported to promote products properly. Research and development activities have been accelerated in order to create different sales and marketing channels in line with sales and marketing trends in line with the new normal order in the world. Product and application suggestions that will inspire authorized dealers and consumers were supported by sales campaigns.

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 Authorised 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.S., 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.

Ege Seramik Sanayi ve Ticaret A.S. is a company contributing, for many years, to recovery of "Made in Turkey" and Turkey's image as aimed already by Turquality program. In the forthcoming period, our government shall support such a comprehensive and prestigious Project like Turquality Supporting Program by admiring our efforts.

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 2021, 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



Green Squared is North America's first and only sustainable product program for ceramic and ceramic flooring materials only. This supports the potential for improving the market-oriented environment and quality of life by constantly promoting the demand and supply of products that cause less stress on the environment and society. Ege Seramik San. ve Tic. A.Ş.'s applications and products meet the requirements of the Green Squared Standard. The evaluation of the products and applications related to our company is carried out 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 San. ve Tic. A.Ş completed the EPD Project in January 2020 and evaluations are made by UL Environment, an independent certification body.

SASO Quality Mark



As a result of the audit carried out by TSE on October 10, 2019, Ege Seramik San. ve Tic. A.Ş has been awarded the SASO Quality Mark certificate, regarding SASO Quality Mark requested by S. Arabia Standard Organization (SASO) for export to Saudi Arabia. Annual inspections are carried out by companies authorized by the Saudi Arabian Standard Organization (SASO)

COVID-19 Safe Production Certificate



As from the days when Covid-19 Pandemic began to spread in the world and yet not seen in Turkey, Ege Seramik San ve Tic AŞ has provided all hygiene measures in order to protect the health of employees in working areas and production facilities in the whole process. In this direction, as a result of the audit conducted by the Turkish Standards Institute, Ege Seramik Sanayi ve Ticaret AŞ has complied with all conditions and has been entitled to receive the COVID-19 Safe Production Certificate issued for industrial

organizations. Inspections are carried out twice a year by TSE and Ege Seramik San ve Tic. A.Ş.'s practices are being reviewed. The effectiveness of our Covid 19 measures was verified by the TSE in the inspections carried out in June 2021 and January 2022.

Awards

Award from Aegean Region Chamber of Industry

In the evaluation performed by the Aegean Region Chamber of Industry, our company was awarded a plaque by achieving the "First Degree in Production and Investment" in the "Soil and Ceramic Products Industry Professional Group" in -2015 -2016 - 2017.

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 "2nd Company with the Most Exports" in the category of "Export Champions of 2020 - Ceramic Tile Materials".

- 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**
- **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.

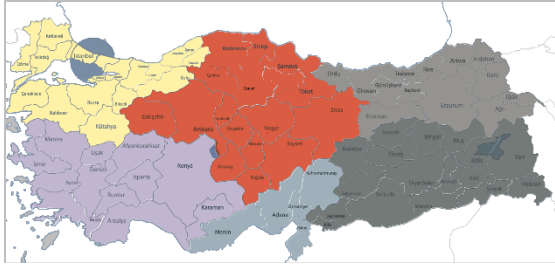
d) Projects and Leading Companies Preferring the Ege Seramik Products

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.

e) Our Business Partners

Our domestic sales activities were organized in 2021 over 6 sales regions. In Turkey, sales activities were continued with 123 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 2021.

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.



16. 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 TUV Tuhringen 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.

During the Surveillance Inspection on 10-11 September 2020, it was decided by TSE to continue the certificate.

Contribution is made to both the protection of the environment and the national economy through our activities listed below.

- 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.S.; 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 AŞ'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.S 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.S. 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.

17. Amendments to the Articles of Incorporation During the Term

None.

18. Related Party Transactions in the Year 2021 and Forecasting Report on Widespread and Continuous Related Party Transactions in the Year 2022

The detailed table concerning the transactions realized with the related parties in year 2021 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 01.01.2021- 31.12.2021 is amounted as TRY 1.071.090.852.

Our sales analysis realized in 2021, as total sales; TRY 1.071.090.852 (Domestic Sales TRY 353.792.230 + Export Sales TRY 643.478.482 +

Other Income TRY 73.820.140) and 63,09% 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 2021, the following were forecasted within the scope of financial sales and purchase forecasts report for year 2022 in

relation to the Widespread and Continuous Transactions Realized With Related Parties of our Company, namely; Egseramik 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 2021 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

19. Proposal For the Distribution of 2021 Profit

In the financial statements of our company, dated 31.12.2021, prepared in accordance with the provisions of the Tax Procedure Law, the profit for the period after tax amounts to TRY 256.365.365,43. Due to reaching the general legal reserve fund of 15 million TRY, which corresponds to 20% of the paid-in capital of 75 million TL, the first general legal reserves will not be assigned. As a result, a net distributable profit of TRY 256.365.365,43 is generated in our legal records.

TRY 262.662,970,00 of Net Distributable Profit for the Period with Donations is formed, after adding TRY 300,00 of donations made in 2021 from the After-Tax Profit of TRY 262.662,670,00 which is included in the financial statements of our company prepared according to the CMB, without allocating General Legal Reserves. According to the attached Profit Distribution Table;

a) It has been decided not to give dividends to the members of the Board of Directors from the net distributable profit for the period,

b) to give TRY 52.532,594,00 to the partners/shareholders as the first dividend,

c) to distribute TRY 27,316,948,88 to the Preferred Shareholders as dividends,

d) to give TRY 116.950.000,00 to the partners/shareholders as the second dividend,

e) In the financial table prepared in accordance with the provisions of the Tax Procedure Law, it has been decided to transfer the remaining amount to our legal records as an extraordinary reserve after the general legal reserve fund of TRY 19.304,954,29 has been allocated,

f) to make the payments to the beneficiaries on 18 April 2022

The profit distribution table is given below.

EGE SERAMİK SANAYİ VE TİCARET A.Ş. Year 2021 Profit Distribution Statement (TRY)			
1. Paid-in/Issued Capital		75.000.000,00	
2. Total General Legal 1st Reserve Fund (by legal records)		15.000.000,00	
Information on any privilege in profit distribution pursuant to the articles of incorporation, if there is any such privilege		Out of the portion remaining upon the allocation of primary dividend. - 8% to holders of Group A stocks - 5% to the holders of Group B stocks	
		As per CMB	As Per Legal Records (LR)
3.	Profit for the Period	337.615.326	327.677.186,17
4.	Payable Taxes (-)	(74.952.656)	(71.311.820,74)
5.	Net Term's Profit (=)	262.662.670,00	256.365.365,43
6.	Losses of Previous Years (-)	0,00	0,00
7.	General Legal Reserve Fund (-)	0,00	0,00
8.	NET DISTRIBUTABLE TERM'S PROFIT (=)	262.662.670,00	256.365.365,43
9.	Donations made during the year (+)	300,00	
10.	Donation-added net distributable term's profit	262.662.970,00	
11.	Primary/First Dividend to Shareholders	52.532.594,00	
	-Cash	52.532.594,00	
	-Free	0,00	
	- Total	0,00	
12.	Dividend Distributed to Holders of Privileged Stocks	27.316.948,88	
	Holders of Group A Stocks	16.810.430,08	
	Holders of Group B Stocks	10.506.518,80	
13.	Other Distributable Dividend	0,00	
	- Members of Board of Directors		
	- Employees		
	- Dividends to other persons other than shareholders		
14.	Dividend Distributed to Dividend Stocks	0,00	
15.	Secondary Dividend to Shareholders	116.950.000,00	
16.	General Legal Reserve Fund (-)	19.304.954,29	
17.	Statutory Reserves	-	-
18.	Special Reserves	-	-
19.	EXTRAORDINARY RESERVE FUND	46.558.172,83	40.260.868,27
20.	Other Resources Stipulated to be Distributed		
	- Previous Years' Profits		
	- Extraordinary Reserves		
	Other Distributable Reserves		

DIVIDEND RATES CHART						
INFORMATION OF DIVIDEND PER SHARE						
	GROUP	TOTAL DISTRIBUTED DIVIDEND		TOTAL DISTRIBUTED DIVIDEND / NET DISTRIBUTABLE TERM'S PROFIT	DIVIDEND FALLING UPON A SHARE WITH A FACE VALUE OF TRY 1,-	
		CASH (TRY)	FREE (TRY)		AMOUNT (TRY)	RATE (%)
GROSS	A	16.810.430,08			1.400.869,17	140.086.917,33
	B	10.506.518,80			583.695,49	58.369.548,89
	A+B+C	169.482.594,00			2.2598	225.9768
	TOTAL	196.799.542,88				
NET	A	15.129.387,07			1.260.782,26	126.078.225,60
	B	9.455.866,92			525.325,94	52.532.594,00
	A+B+C	152.534.334,60			2.03379	203,38
	TOTAL	177.119.588,59				
AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TRY)	RATIO OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS TO DONATION-ADDED NET DISTRIBUTABLE TERM'S NET PROFIT (%)					
169.482.594,00	64,52%					

20. Independent Audit Report

Ege Seramik Sanayi ve Ticaret A.Ş.
Independent Auditor's Report on Financial Statements for the Accounting Period
Between 1 January 2021 – 31 December 2021

To the General Assembly of
Ege 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 at December 31, 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended as at December 31, 2021 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, 2021 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.

3) Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>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.</p> <p>Revenue is an important issue for our audit, as it is of great importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance.</p> <p>Explanations on the Company's accounting policies and revenue amounts are in Notes 3.6 and 31.</p>	<p>In our audit, the following procedures have been applied for the recognition of revenue:</p> <ul style="list-style-type: none"> · 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 customers.

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.

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

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

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

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.

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 February 25, 2022.

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

İstanbul, 25 February 2022

21. Financial Statements and Footnotes

ASSETS	Footnote Reference	Current Period	Previous
		Audited	Period
		December 31,	December 31,
		2021	2020
Current Assets			
Cash and Cash Equivalents	53	194.932.014	101.901.310
Trade Receivables	7	379.256.332	185.254.436
Trade Receivables From Related Parties	6	251.400.485	126.132.537
Trade Receivables From Third Parties	7	127.855.847	59.121.899
Other Receivables	9	34.063.057	22.646.223
Other Receivables From Related Parties	6	-	-
Other Receivables From Third Parties	9	34.063.057	22.646.223
Inventories	10	184.989.709	128.772.200
Prepaid Expenses	12	15.849.381	6.001.373
Other Current Assets	28	1.847.430	2.612.379
TOTAL CURRENT ASSETS		810.937.923	447.187.921
Fixed Assets			
Financial Investments	4	16.000	16.000
Other Receivables	9	377.998	310.652
Other Receivables From Related Parties	6	-	-
Other Receivables From Third Parties	9	377.998	310.652
Tangible Fixed Assets	14	191.843.776	172.055.645
Intangible Fixed Assets	17	8.467.090	7.756.956
Other Intangible Fixed Assets	17	8.467.090	7.756.956
Prepaid Expenses	12	85.188	126.616
Deferred Tax Asset	40	31.166.128	39.225.461
TOTAL FIXED ASSETS		231.956.180	219.491.330
TOTAL ASSETS		1.042.894.103	666.679.251

The financial statements for the period ending on 31.12.2021 have been approved by the Board of Directors Decision dated 25.02.2022 and numbered 2022/07.

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
 FOR THE YEAR ENDED DECEMBER 31, 2021
 STATEMENT OF FINANCIAL POSITION (Currency – TRY, unless otherwise indicated)

LIABILITIES	Footnote Reference	Current Period Audited December 31, 2021	Previous Period Audited December 31, 2020
Short Term Liabilities			
Short Term Borrowings	47	13.470.775	19.971.354
Other Financial Liabilities	47	1.928.558	2.731.111
Trade Payables	7	300.341.106	157.386.961
Trade Payables to Related Parties	6	-	72.471
Trade Payables to Third Parties	7	300.341.106	157.314.490
Employee Benefit Obligations	27	6.987.763	8.437.727
Other Payables	9	3.421.216	1.862.089
Other Payables to Related Parties	6	411	236
Other Payables to Third Parties	9	3.420.805	1.861.853
Deferred Income (Other than Liabilities Arising from Contracts with Customers)	12	8.281.168	4.450.080
Current Tax Liabilities	25	32.109.335	-
Short Term Provisions	25-27	6.219.872	5.396.362
Short-Term Provisions for Employee Benefits	27	1.707.985	1.149.592
Other Short Term Provisions	25	4.511.887	4.246.770
Other Short-Term Liabilities	28	2.115.163	1.098.012
TOTAL SHORT TERM LIABILITIES		374.874.956	201.333.698
Long-Term Liabilities			
Other Financial Liabilities	47	2.536.673	2.398.821
Deferred Income (Other than Liabilities Arising from Contracts with Customers)	12	-	-
Current Tax Payables	25	-	-
Long Term Provisions	27	52.174.776	42.803.206
Long-Term Provisions for Employee Benefits	27	52.174.776	42.803.206
TOTAL LONG-TERM LIABILITIES		54.711.449	45.202.027
EQUITY			
Equity attributable to owners of Parent		420.143.528	420.143.528
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	19.701.650	12.446.156
Actuarial Gains/(Losses)	29	19.701.650	12.446.156
Restricted Reserves	29	34.145.342	26.441.082
Retained Earnings or Losses	29	161.181.433	149.270.240
Net Profit or Loss for the Period	41	262.662.670	96.369.447
TOTAL EQUITY		613.307.698	420.143.528
TOTAL LIABILITIES		1.042.894.103	666.679.251

The financial statements for the period ending on 31.12.2021 have been approved by the Board of Directors Decision dated 25.02.2022 and numbered 2022/07.

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

		Current Period Audited	Previous Period Audited
PROFIT OR LOSS	Footnote Reference	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Sales	31	1.061.453.089	624.212.049
Cost of Sales (-)	31	(675.671.979)	(421.094.021)
Gross Profit/(Loss) from Business Operations		385.781.110	203.118.028
GROSS PROFIT/(LOSS)		385.781.110	203.118.028
General Administrative Expenses (-)	33	(63.568.684)	(43.675.493)
Marketing Expenses (-)	33	(56.782.533)	(36.534.805)
Research and Development Expenses	33	(6.094.886)	(4.611.223)
Other Income from Operating Activities	34	133.382.499	55.202.420
Other Expenses from Operating Activities (-)	34	(100.646.057)	(65.538.290)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		292.071.449	107.960.637
Income from Investing Activities	35	2.894.885	1.352.107
Expenses from Investing Activities (-)	35	(2.747.992)	(1.231.432)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL EXPENSES		292.218.342	108.081.312
Financial Income	37	79.903.138	25.060.052
Financial Expenses (-)	37	(34.506.154)	(33.156.344)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		337.615.326	99.985.020
Tax Expense From Continuing Operations		(74.952.656)	(3.615.573)
Current Tax Expense	40	(69.311.821)	(8.043.926)
Deferred Tax Income / (Expense)	40	(5.640.835)	4.428.353
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		262.662.670	96.369.447
PROFIT/ (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE PERIOD		262.662.670	96.369.447
DISTRIBUTION OF PROFIT/(LOSS) FOR THE PERIOD		262.662.670	96.369.447
Non-Controlling Interests		-	-
Parent Shares		262.662.670	96.369.447
OTHER COMPREHENSIVE INCOME/ (EXPENSE) Not to be Reclassified to Profit or Loss			
Actuarial Gains/(Losses)	38	9.673.992	3.358.340
Taxes Related to Other Comprehensive Income not to be Reclassified to Profit or Loss	38-40	(2.418.498)	(738.835)
Other Comprehensive Income/(Expense) (After Tax)		7.255.494	2.619.505
TOTAL COMPREHENSIVE INCOME		269.918.164	98.988.952
DISTRIBUTION OF TOTAL COMPREHENSIVE INCOME		269.918.164	98.988.952
Non-Controlling Interests		-	-
Parent Shares		269.918.164	98.988.952
Earnings Per Share		0,035022	0,012849
Earnings Per Share from Continuing Operations	41	0,035022	0,012849

The financial statements for the period ending on 31.12.2021 have been approved by the Board of Directors Decision dated 25.02.2022 and numbered 2022/07.

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
 FOR THE YEAR ENDED DECEMBER 31, 2021
 STATEMENT OF CHANGES IN EQUITY (Currency –TRY, unless otherwise indicated)

							Other Comprehensive Income or Expense to be Reclassified to Profit or Loss	Retained Earnings or Losses		
	Note	Paid-in capital	Share Capital Adjustment	Share Premiums (Discounts)	Restricted Reserves	Actuarial Gains (Losses)	Non- Controlling Interests	Retained Earnings or Losses	Net Profit or Loss for the Period	Total Equity
January 1, 2020		75.000.000	24.778.008	35.838.595	25.649.348	9.826.651	-	131.362.453	24.746.066	327.201.121
Mandatory Adjustments Related To Accounting Policy Changes		-	-	-	-	-	-	-	-	-
Total Comprehensive Income /(Expense)	29	-	-	-	-	2.619.505	-	-	96.369.447	98.988.952
Other Comprehensive Income (Expense)	29	-	-	-	-	2.619.505	-	-	-	2.619.505
Profit (Loss) for the Period		-	-	-	-	-	-	-	96.369.447	96.369.447
Dividends	29	-	-	-	-	-	-	(6.046.545)	-	(6.046.545)
Transfer	29	-	-	-	791.734	-	-	23.954.332	(24.746.066)	-
December 31, 2020		75.000.000	24.778.008	35.838.595	26.441.082	12.446.156	-	149.270.240	96.369.447	420.143.528
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
Period Profit (Loss)		-	-	-	-	-	-	-	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

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2021
CASH FLOW STATEMENT (Currency – TRY, unless otherwise indicated)

		Current period Independent Audited	Previous period Independent Audited
	Footnote Reference s	January 1, 2021 / December 31, 2021	January 1, 2020 / December 31, 2020
A. CASH FLOWS FROM BUSINESS ACTIVITIES		224.548.824	135.483.231
Profit/(Loss) For The Period		262.662.670	96.369.445
Adjustments Regarding Net Profit/(Loss) Reconciliation for the Period		103.645.801	31.800.143
Adjustments Regarding Depreciation and Amortization Expenses	14-17-36	25.708.524	20.449.827
Adjustments for Impairment/(Cancellation)		(993)	(7.720)
Adjustments Regarding Inventory Impairment (Cancellation)	10	(993)	(7.720)
Adjustments Regarding Provisions		15.169.5545	9.277.209
Adjustments Regarding Provisions (Cancellation) for Employee Benefits	25-27	9.929.963	8.708.895
Fixes Regarding Other Provisions (Cancellations)	7-10-31-40	4.978.465	(628.186)
Corrections Regarding Litigation and/or Penalty Provisions (Cancellation)	25	(199.415)	695.795
Adjustments Regarding Free Provisions (Cancellation) for Possible Risks	7	(3.990)	(1.776)
Fixes Regarding Warranty Provisions (Cancellation)	25	464.532	502.481
Adjustments Regarding Interest (Income) and Expenses		586.813	449.356
Adjustments Related to Interest Income	28	(552.977)	(281.143)
Adjustments Regarding Interest Expenses	28	1.139.790.20	730.499
Adjustments Regarding Tax (Income) Expense	40	74.952.656,00	3.615.573
Adjustments for Losses (Gains) on Disposal of Fixed Assets		(2.544.826)	(515.628)
Adjustments Related to Losses (Gains) on Disposal of Tangible Fixed Assets	35	(2.544.826)	(515.628)
Other Adjustments Related to Profit/Loss Reconciliation		(10.225.929)	(1.468.475)
Changes in Working Capital		(141.759.647)	7.313.643
Adjustments Regarding Decreases (Increases) in Inventories	10	(62.332.155)	(700.917)
Adjustments Regarding Decrease (Increase) in Trade Receivables	7	(189.568.690)	(58.905.395)
Decrease (Increase) in Trade Receivables from Related Parties	6	(118.634.969)	(46.370.538)
Decrease (Increase) in Trade Receivables from Unrelated Parties	7	(70.933.721)	(12.534.857)
Adjustments Regarding the Decrease (Increase) in Other Receivables Related to Operations	9	(11.484.180)	(12.711.357)
Decrease (Increase) in Other Receivables Related to Operations from Related Parties	6	-	(6.615)
Decrease (Increase) in Other Receivables Related to Operations from Unrelated Parties	9	(11.484.180)	(12.704.742)
Adjustments Regarding the Increase (Decrease) in Trade Payables	7	141.553.752	75.811.424
Increase (Decrease) in Trade Payables to Related Parties	6	(72.471)	72.471
Increase (Decrease) in Trade Payables to Non-Related Parties	7	(141.626.223)	(75.738.953)
Adjustments Regarding the Increase (Decrease) in Other Operating Payables	9	1.559.127	249.071
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	175	11
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	9	1.558.952	249.060
Decrease (Increase) in Prepaid Expenses	12	(7.505.500)	(2.727.357)
Increase (Decrease) in Payables within the Scope of Employee Benefits	27-29	5.805.530	3.460.685
Increase (Decrease) in Deferred Revenues (Excluding Liabilities Arising from Customer Agreements)	12	14.331.336	(248.894)
Adjustments Regarding Other Increase (Decrease) in Working Capital		(34.118.868)	3.086.382
Decrease (Increase) in Other Assets Related to Operations	28	9.310.658	7.011.616
Increase (Decrease) in Other Liabilities Related to Operations	25-28	(43.429.527)	(3.925.233)
Cash Flows from Operations		224.548.824	135.483.231
B. CASH FLOWS FROM INVESTING ACTIVITIES		(46.316.100)	(50.295.515)
Cash Outflows from the Purchase of Tangible and Intangible Fixed Assets		(49.181.565)	(52.764.860)
Cash Outflows from the Purchase of Tangible Fixed Assets	14	(44.417.811)	(48.885.396)
Cash Outflows from the Purchase of Intangible Fixed Assets	17	(4.763.753)	(3.879.464)
Cash Inflows from Sale of Tangible and Intangible Fixed Assets		2.865.465	2.469.346
Cash Inflows from Sale of Tangible Fixed Assets		2.865.465	2.469.346
Cash Inflows from Sale of Intangible Fixed Assets		-	-
C. CASH FLOWS FROM FINANCE ACTIVITIES		(85.202.020)	(1.211.761)
Dividends Paid	29	(76.753.991)	(6.046.545)
Cash Inflows and Outflows from Borrowings	47	(6.779.277)	3.979.072
Cash Inflows from Loans	47	-	3.979.072
Cash Outflows Related to Debt Payments	47	(6.779.277)	-
Cash Outflows Related to Debt Payments Arising from Rental Agreements	47	(1.668.751)	855.712
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES		93.030.704	83.975.955
D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		93.030.704	83.975.955
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		101.901.310	17.925.355
END OF THE PERIOD CASH AND CASH EQUIVALENTS		194.932.014	101.901.310

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 its 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, 2021 it has 33,27% of its shares registered in BIST. 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 are Ege Seramik İç ve Dış Ticaret A.Ş. and Ege Seramik America INC.

As of December 31, 2021, and December 31, 2020, share capital and ownership structure is as follows;

Shareholders	December 31, 2021		December 31, 2020	
	Share Amount	Share Rate	Share Amount	Share Rate
İbrahim Polat Holding A.Ş.	45.686.918,95	60,92%	45.686.918,95	60,92%
İbrahim Polat	2.909.876,88	3,88%	2.909.875,53	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%	24.957.240,27	33,27%
	75.000.000,00	100%	75.000.000,00	100%

As of December 31, 2021, in Company's structure there are 180 white-collar personnel employed (December 31, 2020: 168), 971 blue-collar personnel employed (December 31, 2020: 888) and 1.0561personnel employed in total (December 31, 2020: 1.056)

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 ("IFRS") 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

The financial statements except for the revaluation of certain fixed assets and financial instruments, prepared in accordance with historical cost basis. In determining the fair value of assets, generally the paid amount value is used for assets as a base.

Functional and Presentation Currency

In the presentation of the Financial Statements, the "cents" are shown by rounding and the currency used is TRY. These are the exchange rates announced by the Central Bank of the Republic of Turkey as of 31 December 2021.

Currency Type	31.12.2021		31.12.2020	
	Foreign Currency Assets	Foreign Currency Liabilities	Foreign Currency Assets	Foreign Currency Liabilities
USD	13,3290	13,3530	7,3405	7,3405
EURO	15,0867	15,1139	9,0079	9,0079
GBP	17,9667	18,0604	9,9438	9,9438

Correction of financial statements during high inflation periods

The companies operating in Turkey and preparing their financial statements by considering Capital Markets Board of Turkey's (CMB) accounting standards as of January 1, 2005 abandoned inflation-based accounting with the decision that has been made on 17 March 2005 by CMB. IAS29 preparation and presentation of financial statements in accordance with Financial reporting are not applied in high inflation economies owing to taken decision by CMB.

Basis of Consolidation

The Company does not have a subsidiary subject to consolidation.

Comparative information and rectification of previous term financial statements

Company has prepared the statement of financial position as of December 31, 2021 comparatively to the statement of financial position as of December 31, 2020; comprehensive income statement, cash flow statement for the period between January 1 – December 31, 2021 comparatively to comprehensive income statement and cash flow statement for the period between January 1 - December 31, 2020; changes in equity for the period between January 1 - December 31, 2021 comparatively changes in equity for the period between January 1 – December 31, 2020.

a. Changes in accounting policies

Changes in accounting policies retrospectively if applied, from each affected component of equity of the financial statements included in the earliest period of the correct opening amount and this new accounting policy is applied since before with previous periods comparable to submit the information.

Changes in accounting policy, but requires retrospective application of the change in period-specific effects or the cumulative unable to determine if the application may not be made retroactive.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

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 has 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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

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 at December 31, 2021 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 at January 1, 2021 are as follows:

TAS Amendments

Standards, amendments and interpretations applicable as at 31 December 2020: Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS:

- Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the experts in TAS 1 about immaterial information.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS Amendments

IFRS 7 and IFRS 16

This standard is effective for annual reporting periods beginning on or after 1 January 2021. Relevant Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 changes provide temporary additional ease in applying certain TAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

The effect of this change has been evaluated and it has been determined that it has no effect on the financial position and performance of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

Standards issued but not yet effective and not early adopted as of 31 December 2021:

TAS Amendments

TAS 1- Presentation of financial statements:

The effective date of this standard has been deferred to annual reporting periods beginning on or after 1 January 2024. These narrow changes to TAS 1, "Presentation of financial statements" explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is not affected by events after the reporting date or the expectations of the entity (for example, the receipt of a concession or the conclusion of a contract). The amendment also clarifies what IAS 1 means for a liability to be amortized.

TAS 12 – Deferred Tax

This standard is effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

TAS 16 - Property, plant and equipment

This standard prohibits a company from deducting revenue from the sale of manufactured products from the amount of tangible assets until the asset is ready for use. Instead, the company will recognize such sales proceeds and the associated cost in profit or loss.

TAS 37 - Provisions, contingent liabilities and contingent assets

This standard specifies what costs the company will include when deciding whether to incur losses from a contract.

IFRS Amendments

IFRS 3 Business combinations

These standard updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without changing the accounting requirements for business combinations.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

IFRS 16 - Leases

As of March 2021, this change has been extended until June 2022 and is effective from April 1, 2021. Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. These concessions can take various forms, including suspending or deferring rental payments. With the amendment published in IFRS 16 Leases standard on May 28, 2020, IASB introduced an optional facilitating practice for the lessees to evaluate whether the privileges granted due to COVID-19 in the lease payments are a change in the lease. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be accounted for as a variable lease payment in the period when the event or condition that triggers the reduction in lease payments occurs.

These changes are not expected to have a significant impact on the Company's financial position and performance.

Improvements – 2015–2017 Cycle

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

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

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

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

These amendments did not have a significant impact on the financial position or performance of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

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

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

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

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

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

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

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

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

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)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

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 collectible 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 an objective evidence regarding non possibility of collecting, there is a provision for doubtful receivables. Objective evidences 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. 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 an 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;

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

- 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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Con't)

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. 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 are 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)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

In cases where impairment of inventories are 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)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)**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

Leasing Transactions**Operational Leasing Transactions**

Lease contracts where all the risks and benefits of renting property in the hands of the leaser 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

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 in to 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 the borrowing cost in related period.

When all the necessary proceedings virtually is 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 constructing; When the all necessary proceedings virtually is 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

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 a 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 no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

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.

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

In Turkey, the corporate tax rate is 25% for 2021 according to the Corporate Tax Law No. 5520. It is applied as 22% for 2018, 2019 and 2020, and 23% for corporate earnings for the 2022 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

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 15 %. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Financial loss which is showed in declaration form 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 an 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.

Subsequent Events

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(Continued)

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 effect 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 assesment, 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;

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. (31.12.2020: None)

4. JOINT VENTURES**Financial Investments**

As of December 31, 2021 and December 31, 2020, 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:

	31.12.2021		31.12.2020	
	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.

6. RELATED PARTIES

Balances with related parties as of 31 December 2021 and 31 December 2020:

a) Receivables from related parties:**- Trade receivables from related parties:**

	31.12.2021	31.12.2020
Ege Seramik America INC.	212.413.824	105.312.876
Egeseramik İç ve Dış Ticaret A.Ş.	38.987.304	20.906.485
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	-	228.625
TOTAL	251.401.128	126.447.986
<i>Deduction: Unaccrued financial expenses</i>	<i>(643)</i>	<i>(315.449)</i>
TOTAL	251.400.485	126.132.537

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.

	Term Time
Egeseramik İç ve Dış Ticaret A.Ş.	120 Days
Ege Seramik America INC.	120 Days

6. RELATED PARTIES (Cont'd)

- Other receivables from related parties:

None. (31.12.2020: None).

b) Payables from related parties:

- Trade payables from related parties:

	31.12.2021	31.12.2020
Polat Maden San. Tic. A.Ş.	-	79.086
TOTAL	-	79.086
<i>Deduction: Unaccrued finance income</i>	-	(6.615)
TOTAL	-	72.471

- Other payables from related parties:

	31.12.2021	31.12.2020
Dividends payable	411	236
TOTAL	411	236

ii) Significant sales to and purchases from related parties:**a) Product sales to related parties:**

	01 January - 31 December 2021	01 January - 31 December 2020
Ege Seramik America INC.	434.636.127	297.235.713
Egeseramik İç ve Dış Ticaret A.Ş.	194.866.806	118.455.068
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	458.514	144.580
Polat Turizm Otel San. ve Tic. A.Ş.	403.047	12
Polat İnşaat Sanayi ve Ticaret A.Ş.	250.214	207.332
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	11.415	1.480.069
Polat Maden San.Tic.A.Ş.	3.355	5.166
Polat Kentsel Gayrimenkul Geliştirme A.Ş.	1.895	-
TOTAL	630.631.373	417.527.941

b) Raw material sales to related parties:

None. (31.12.2020: None).

6. RELATED PARTIES (Cont'd)**c) Service sales to related parties:**

	01 January - 31 December 2021	01 January- 31 December 2020
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	33.864	73.180
Ege Seramik America INC.	18.911	2.191.673
Egeseramik İç ve Dış Ticaret A.Ş.	8.115	1.349
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	540	67.016
Polat Maden San.Tic.A.Ş.	200	-
Piyalepaşa Gayrimenkul Gel. Yat. ve Tic. A.Ş.	-	67.016
İbrahim Polat Holding A.Ş.	-	25.847
TOTAL	61.630	2.359.065

ç) Fixed asset sales to related parties:

None. (31.12.2020: None).

d) Goods and raw material purchases from related parties:

	01 January - 31 December 2021	01 January- 31 December 2020
Polat Maden San. Tic. A.Ş.	13.628.038	13.628.038
Polat İnşaat Sanayi ve Ticaret A.Ş.	25.196	-
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	18.345	18.345
TOTAL	27.218.496	13.646.383

e) Service purchases from related parties:

	01 January - 31 December 2021	01 January- 31 December 2020
İbrahim Polat Holding A.Ş.	1.672.020	1.562.654
Polat Turizm Otelcilik A.Ş.	46.537	19.403
Egeseramik İç ve Dış Ticaret A.Ş.	1.286	-
Polat İnşaat Sanayi ve Ticaret A.Ş.	1.166	-
Polat Maden San.ve Tic.A.Ş.	-	515
TOTAL	1.721.010	1.582.572

f) Fixed asset purchases from related parties:

	01 January - 31 December 2021	01 January- 31 December 2020
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	-	253.500
TOTAL	-	253.500

6. RELATED PARTIES (Continued)

g) Financial income related to transactions with related parties:

None. (31.12.2020: None).

h) Financial expenses related to transactions with related parties:

None. (31.12.2020: None).

i) Marketing sales distribution expenses made to related parties:

	01 January - 31 December 2021	01 January- 31 December 2020
Egeseramik İç ve Dış Ticaret A.Ş.	1.499.205	715.557
Polat Turizm Otel San.ve Tic. A.Ş.	55.352	-
Ege Seramik Amerika INC.	-	201.984
Polat Maden San. ve Tic. A.Ş.	-	1.167
TOTAL	1.554.557	918,708

i) Rental transactions from related parties:

	01 January - 31 December 2021	01 January- 31 December 2020
İbrahim Polat Holding A.Ş.	1.416.000	1.080.000
TOTAL	1.416.000	1.080.000

Salary and similar benefits provided to the top management in the 12-month accounting period of 2021 are given below.:

- Short-term employee benefits:** The total amount of wages and similar benefits provided to the top management in the 12-month accounting period of 2021 is 6.722.732 TRY (2020 year: 4.524.151 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.

7. TRADE RECEIVABLES AND PAYABLES**Trade receivables**

	31.12.2021	31.12.2020
Customer current accounts	362.431.719	175.428.908
- Receivables from related parties (Note: 6)	251.401.128	126.447.986
-Other receivables	111.030.591	48.980.922
Notes receivables	21.043.022	11.665.272
-Other notes receivables	21.043.022	11.665.272
Doubtful trade receivables	2.390.276	2.325.197
Provision for doubtful trade receivables(-)	(1.714.396)	(1.607.876)
TOTAL	384.150.621	187.811.501
Deduction: Unaccrued financial expenses	(4.894.289)	(2.557.066)
Receivables from related parties (Note: 6)	(643)	(315.449)
Other receivables	(4.893.646)	(2.241.617)
TOTAL	379.256.332	185.254.436

As of 31 December 2021, the amount of guarantee received by the Company against its receivables excluding group companies is 165.162.035 TRY (as of 31.12.2020; 87.433.490 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.

	31.12.2021	31.12.2020
Not overdue	361.122.214	174.816.366
Overdue 0-30 days	1.249.995	549.062
Overdue 31-90 days	20	-
Overdue 91-180 days	-	-
Overdue 181-360 days	-	-
Overdue 360 days more	59.489	63.480
TOTAL	362.431.719	175.428.908

The movement table of the provision for doubtful receivables as of 31 December 2021 and 31 December 2020 is as follows:

	31.12.2021	31.12.2020
January,1	1.607.876	1.609.651
Current period provision for doubtful receivables	110.510	-
Provisions collected and no longer subject	(3.990)	(1.776)
TOTAL	1.714.396	1.607.876

7. TRADE RECEIVABLES AND PAYABLES (Cont'd)

Short-Term Trade Payables

	31.12.2021	31.12.2020
Vendor Current Accounts	305.502.674	160.608.681
- Related party vendor payables	-	79.086
- Other vendor payables	305.502.674	160.529.595
TOTAL	305.502.674	160.608.681
Deduction: Unaccrued finance income	(5.161.568)	(3.221.720)
Related party vendor payables	-	(6.615)
Other vendor payables	(5.161.568)	(3.215.105)
TOTAL	300.341.106	157.386.961

	31.12.2021	31.12.2020
Not overdue	303.074.816	154.839.025
Overdue 0-30 days	2.248.444	5.689.959
Overdue 31-90 days	179.414	79.698
TOTAL	305.502.674	160.608.681

Long-Term Trade Payables

None. (31.12.2020: None).

8. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31.12.2020: None).

9. OTHER RECEIVABLES AND PAYABLES

Short Term Other Receivables

	31.12.2021	31 Aralık 2020
Receivables from the Tax Office	34.063.057	22.646.223
TOTAL	34.063.057	22.646.223

Other Long-Term Receivables From Unrelated Parties

	31.12.2021	31.12. 2020
Deposits and guarantees given	377.998	310.652
TOTAL	377.998	310.652

Short Term Other Payables

	31.12.2021	31.12.2020
Other payables from related parties	411	236
Taxes and funds payable	3.420.805	1.861.853
TOTAL	3.421.216	1.862.089

10. INVENTORIES

	31.12.2021	31.12.2020
Primary substance and material	92.338.490	48.044.742
Semi-finished products - production	6.618.525	4.714.795
Products	85.840.700	75.739.677
Trade goods	-	5.691
Other inventories	192.136	268.430
TOTAL	184.989.851	128.773.335
<i>Provision for inventory impairment (-)</i>	<i>(142)</i>	<i>(1.135)</i>
TOTAL	184.989.709	128.772.200

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

	31.12.2021	31.12.2020
Balance at the beginning of the period	1.135	8.855
Provision canceled due to net realizable value increase (-)	(993)	(7.720)
Current period separation provision (+)	-	-
TOTAL	142	1.135

10. INVENTORIES (Cont'd)

Assets are valued at the lower of cost or net realizable value, using the weighted average cost method. As of 31 December 2021, the company has reflected 336.978 TRY (31.12.2020: 142.842 TRY) of raw material inventories to its financial statements with net realizable value and 92.001.511 TRY (31.12.2020: 47.901.900 TRY) with cost value. The amount of 20.154 TRY (31.12.2020: 17.080 TRY) of the finished goods inventories is reflected in the financial statements with the net realizable value and 85.820.546 TRY (31.12.2020: 75.722.597 TRY) with the cost value.

The futures purchases made by the company have been discounted in accordance with the TAS 2 Inventories standard and amount to TRY 4.578.610. The discount rate was applied at 17.58% for the annual TRY; 0.46% for the euro, 1.60% for GBP and CHF.

11. BIOLOGICAL ASSETS

None. (December 31, 2020 None).

12. PRE-PAID EXPENSES AND DEFERRED INCOME

Kısa vadeli peşin ödenmiş giderler

	31.12.2021	31.12.2020
Expenses related to the coming months	6.893.037	3.310.619
Advances associated with cost	8.956.344	2.690.754
TOTAL	15.849.381	6.001.373

Long-term prepaid expenses

	31.12.2021	31.12.2020
Expenses for future years	85.188	126.616
TOTAL	85.188	126.616

Short Term Deferred Incomes

	31.12.2021	31.12.2020
Income for the next months	6.685.584	2.094.313
Advances to be associated with revenue	1.595.584	2.355.767
TOTAL	8.281.168	4.450.080

Long Term Deferred Incomes

None. (December 31,2020: None).

13. INVESTMENT PROPERTIES

None. (December 31, 2020 None.)

14. TANGIBLE FIXED ASSETS

	01.01.2021	Additions	Transfers	Disposals	31.12.2021
Land	7.515.860	-	-	22.447	7.493.413
Yeraltı ve yerüstü düzenleri	26.796.169	1.749.315	-	-	28.545.484

Buildings	67.596.642	1.659.185,39	1.655.629	-	70.911.456
Plant, machinery and equipment	297.131.076	13.609.194,22	11.763.877	3.673.028	318.831.120
Vehicles and vehicle equipments	3.861.215	147.156	-	360.826	3.647.545
Furniture and fixtures	15.113.854	1.667.487	-	350.158	16.431.184
Special Costs	724.421	-	-	-	724.421
Construction in progress	1.089.211	25.585.473	(13.419.506)	-	13.255.178
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 equipments	1.411.891	417.106	-	136.971	1.692.025
Furnitures 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				191.843.776

	01.01.2020	Additions	Transfers	Disposals	31.12.2020
Land	7.613.821	-	-	97.961	7.515.860
Land Improvements	26.174.720	411.024	210.426	-	26.796.169
Buildings	65.610.506	705.517	1.352.237	71.618	67.596.642
Plant, machinery and equipment	261.457.963	10.716.796	32.637.984	7.681.667	297.131.076
Vehicles and vehicle equipments	2.675.979	418.706	1.181.238	414.708	3.861.215
Furniture and fixtures	13.502.889	1.397.451	227.029	13.515	15.113.854
Special Costs	724.421	-	-	-	724.421
Construction in progress	1.462.219	35.235.905	(35.608.913)	-	1.089.211
TOTAL COST	379.222.518	48.885.397	-	8.279.469	419.828.447
Land Improvements	20.330.577	666.841	-	-	20.997.418
Buildings	30.689.367	1.601.681	-	4.655	32.286.393
Plant, machinery and equipment	172.326.121	16.426.006	-	6.074.166	182.677.962
Vehicles and vehicle equipments	1.334.272	311.701	-	234.082	1.411.891
Furnitures and fixtures	8.900.952	1.293.709	-	12.849	10.181.813
Special costs	72.442	144.884	-	-	217.326
ACCUMULATED DEPRECIATION	233.653.731	20.444.821	-	6.325.751	247.772.802
NET BOOK VALUE	145.568.787				172.055.645

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

None. (December 31, 2020 None.)

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

None. (December 31, 2020 None.)

17. INTANGIBLE FIXED ASSETS

	01.01. 2021	Additions	Transfers	Disposals	31.12. 2021
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
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				8.467.090
	01.01. 2020	Additions	Transfers	Disposals	31.12.2020
Rights	11.557.379	563.602	41.710	-	12.162.692
Investments in progress	53.289	130.566	(41.710)	-	142.145
Right of Use Assets (*)	4.389.187	3.185.295	-	-	7.574.482
TOTAL COST	15.999.855	3.879.464	-	-	19.879.319
Rights	8.060.320	529.681	-	-	8.590.002
Right of Use Assets (*)	1.166.445	2.365.916	-	-	3.532.361
ACCUMULATED DEPRECIATION	9.226.766	2.895.597	-	-	12.122.363
NET BOOK VALUE	6.773.089				7.756.956

(*) 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, 2020 None.)

19. EVALUATING AND RESEARCHING OF MINE RESOURCES

None. (December 31, 2020 None.)

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 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	5.129.932	2.517.890	3.182.052	4.465.231
TOTAL	5.129.932	2.517.890	3.182.052	4.465.231

	01 January 2020	IFRS 16 entries	Accumulated depreciation	31 December 2020
Right of Use Assets	3.222.741	3.185.295	2.365.916	4.042.120
TOTAL	3.224.741	3.185.295	2.365.916	4.042.120

	01 January 2020	IFRS 16 entries	Payments	31 December 2020
Right of Use Obligations	3.488.033	4.261.716	2.619.818	5.129.932
TOTAL	3.488.033	4.261.716	2.619.818	5.129.932

21. CONCESSIONAL SERVICE AGREEMENTS

None. (December 31, 2020 None.)

22. IMPAIRMENT OF ASSETS

None. (December 31, 2020 None.)

23. GOVERNMENT INCENTIVES AND GRANTS

- 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.
- 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.

23. GOVERNMENT INCENTIVES AND GRANTS (Cont'd)

- c) The company has completed its modernization investments within the scope of the Investment Incentive Certificate dated 04/12/2014 and numbered 113948. As of 30/09/2015, T.R. An application was made to the Ministry of Economy, and the completion visa for the document was made on 13/01/2016. Within the scope of the said Investment Incentive Certificate, discounted corporate tax, customs tax and VAT exemption supports were utilized.
- d) 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.
- e) 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, 2020 None.)

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Current Tax, net

	31.12.2021	31.12.2020
Provisions for current tax	69.311.821	8.043.926
Prepaid taxes and funds (-)	(37.202.486)	(8.043.926)
TOTAL	32.109.335	-

With the repeated Article 121 of the Income Tax Code, it is possible to deduct 5% of the tax calculated on annual income or corporate tax returns from 1 January 2018 to income and corporate tax taxpayers who pay their taxes on time and meet other specified requirements. The company calculated a compliant taxpayer discount of TRY 2.000.000,00 over the corporate tax amount for 2020 and reduced it from the tax provision.

Short Term Provisions

a) Other Short-Term Provisions

	31.12.2021	31.12.2020
Provision for Law Suit	3.340.043	3.539.458
Provision for Guarantee Expense	1.171.844	707.312
TOTAL	4.511.887	4.246.770

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

The movement of other related short-term provisions as of 31 December 2021 is as follows.

	January 1, 2021	Additional Provisions (Not:33-34)	Payments/ Cancellati (-)	December 31, 2021
Provision for Lawsuit (Labor Courts)	3.539.458	160.000	(359.415)	3.340.043
Provision for Guarantee Expense	707.312	1.171.842	(707.311)	1.171.844
TOTAL	4.246.770	1.331.842	(1.066.726)	4.511.887

Letters of Guarantee Given by the Company

Given To	Explanation	Amount (TRY)
İzmir 4.İcra Müdürlüğü	Based On Business Cases In The Court Process	339.901
Gazi Osmanpaşa 1.İcra Müdürlüğü	Based On Business Cases In The Court Process	185.000
Kemalpaşa İcra Müdürlüğü	Based On Business Cases In The Court Process	380.534
Bilge Mesleki Yeterlilik ve Eğitim A.Ş.	Based on Vocational Qualification Certificate Trainings	100.000
Enerji Piyasaları İşletme Anonim Şirketi (Epiaş)	Necessary of Electricity Purchase Transactions	54.000
İzmir 16.İcra Müdürlüğü	Based On Business Cases In The Court Process	41.438
TOTAL		1.100.874

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

Given To	Explanation	31.12.2021	31.12.2020
İzmir Kemalpaşa Org.San.Bölgesi Md.(*)	According to natural gas purchasing agreement	51.355.557	25.655.557
TOTAL		51.355.557	25.655.557

(*) Direct debit system opened in favor of İzmir Kemalpaşa Organize Sanayi Bölgesi Müdürlüğü based on natural gas purchase agreement (D.B.S.) limit.

Guarantees Received by The Company

GUARANTEES PLEDGES MORTGAGES	31.12.2021	31.12.2020
A) Total amount of GPM given on behalf of its own legal entity	1.100.874	1.352.862
B) Total amount of GPM given of the fully consolidated subsidiaries	-	-
C) Total amount of GPM given ordinary trade activities provided in order to guarantee the debts of other 3rd parties	-	-
D)Total amount of other given GPM	-	-
i) Total amount of GPM given on behalf of the Parent Company	-	-
ii) Total amount of GPM given on behalf of other group companies which are not included in scope of B and C	-	-
iii) Total amount of GPM given on behalf of 3 rd parties which are not included in scope of C -	-	-
TOTAL	1.100.874	1.352.862

25. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

As of 31.12.2021, Company's given GPM to Company's equity ratio is below 1%. (31.12.2020: below 1%)

Guarantees Received by The Company

	31.12.2021	31.12.2020
Letter of guarantees received	69.503.488	43.752.508
Guarantees cheques received	-	-
Guarantees notes received	4.008.000	4.788.050
Mortgages	1.420.000	1.720.000
TOTAL	74.931.488	50.260.558

	31.12.2021	31.12.2020
Direct debiting system limits from dealers (DBS)	90.230.547	37.172.932
TOTAL	90.230.547	37.172.932

The company's" defendant " and ongoing litigations

The company disputes severance pay, return to work and other ongoing cases as of the date of 31 December 2021 3.340.045 for TRY (31 December 2020: 3.539.458 TRY) has been allocated for the case.

The company management has set aside 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, 2020 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 indemnities 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 8.284,51 (December 31, 2020: TRY 7.117,17).

Short Term

	31.12.2021	31.12.2020
Unused vacation	1.707.985	1.149.592
TOTAL	1.707.985	1.149.592

27.EMPLOYEE BENEFIT OBLIGATIONS (Cont'd)

Long Term

	31.12.2021	31.12.2020
Provision for termination indemnities	52.174.776	42.803.206
TOTAL	52.174.776	42.803.206

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 2021, net discount rate was calculated as 3,39% in the related calculations (31 December 2020: 3,04%).

Movement of provision for termination indemnities as of December 31, 2021 – December 31, 2020 are shown as follows:

	31.12.2021	31.12.2020
Opening balance	42.803.206	34.234.197
Additional provisions	9.876.640	8.939.376
Payment (-)	(505.071)	(370.367)
Closing balance	52.174.776	42.803.206

	31.12.2021	31.12.2020
January 01	42.803.207	34.234.197
Interest expenses	8.089.720	4.214.229
Current period service cost	15.812.867	10.136.489
Paid in period	(4.857.026)	(2.423.368)
Actuarial gain / (loss)	(9.673.992)	(3.358.340)
TOTAL	52.174.777	42.803.206

Movement of provision for unused vacations as of December 31, 2021 - December 31, 2020 are shown as follows:

	31.12.2021	31.12.2020
Opening balance	1.149.592	1.009.707
Additional provisions / (provisions no longer required)	558.393	139.885
Closing balance	1.707.985	1.149.592

27. EMPLOYEE BENEFIT OBLIGATIONS (Cont'd)

Liabilities under employee benefits

	31.12.2021	31.12.2020
Due to personnel	3.557.192	6.125.448
Taxes and funds payable	3.359.100	2.237.488
Other Liabilities Payable	71.471	74.791
TOTAL	6.987.763	8.437.727

28. OTHER ASSETS AND LIABILITIES

Other current assets

	31.12.2021	31.12.2020
Advances given for purchases	185.086	-
Income accruals	552.977	281.143
Transferred Value Added Tax	1.108.317	2.331.236
Advances Paid For Services To Be Received	1.050	-
TOTAL	1.847.430	2.612.379

Other short-term liabilities

	31.12.2021	31.12.2020
Expense accruals	1.849.784	810.826
Provision for Expected Sale Returns	265.379	287.186
TOTAL	2.115.163	1.98.12

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, 2021 and December 31, 2020, the company's registered capital, which is not adjusted for inflation, is as follows:

	31.12.2021	31.12.2020
Registered capital ceiling	150.000.000	150.000.000
Authorized and paid in capital	75.000.000	75.000.000

The Company's paid-in capital structure as of December 31, 2021 and December 31, 2020 is as follows;

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

	Class	31.12.2021			31.12.2020		
		Amount	Unit	Rate	Amount	Unit	Rate
Adnan Polat	A	3,60	360	%0	3,60	360	%0
Adnan Polat	B	5,20	520	%0	5,20	520	%0
Adnan Polat	C	666.079,04	666.079,00	%0,89	666.079,04	666.079,00	%0,89
<i>Adnan Polat - Public Share</i>		0,00			0,00		
TOTAL		666.087,84		%0,89	666.087,84		%0,89
Ibrahim Polat	A	4,01	401	%0	4,01	401	%0
Ibrahim Polat	B	6,74	647	%0	6,74	647	%0
Ibrahim Polat	C	2.909.866,13	290.986,61	%3,88	2.909.866,13	290.986,61	%3,88
<i>Ibrahim Polat - Public Share</i>		2.909.265,78			2.909.265,78		
TOTAL		2.909.876,88			2.909.876,88		
Murat Polat	A	3,60	360	%0	3,60	360	%0
Murat Polat	B	5,20	520	%0	5,20	520	%0
Murat Polat	C	779.868,61	77.986,86	%1,04	779.868,61	77.986,86	%1,04
<i>Murat Polat - Public Share</i>		130.149,00			130.149,00		
TOTAL		779.877,41			779.877,41		
Other	A	0,79	79	%0	0,79	79	%0
Other	B	0,86	86	%0	0,86	86	%0
TOTAL		1,67		%0	1,67		%0
Public 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	%100	75.000.000,00	7.500.000,000	%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;

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

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

Dividend Distribution

Profit Distribution for public corporation is made according to the 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 12.04.2021 and numbered 2021/08 and the statement made on 12.04.2021, in accordance with the provisions of the Capital Market Legislation and the Company's Articles of Association,

According to the financial accounts dated 31.12.2020 produced in compliance with the terms of the Tax Procedure Law, the profit for the period amounted to 403.860,80 TRY after tax, which is formed according to the financial statements dated 31.12.2020 amounted to 84,458,251,13 TRY after tax. After the general legal reserve is set aside, our legal records show a net distributable profit of TRY 84,054,390.33.

Since no contributions were made in 2020, 95,965,585,20 TRY of Donations Added Net Distributable Profit for the Period is produced after subtracting 403,860,80 TRY of General Legal Reserve from 96,369,446,00 TRY of After-Tax Profit in the financial statements of the firm prepared pursuant to the S.P.K.Statement of profit appropriation is as follows;

- a) Not paying dividends to the members of the Board of Directors from the net distributable profit for the period
- b) Giving TRY 19,193,117,04 to the partners as the first dividend
- c) Distribution of TRY 9,980,420,86 to privileged shareholders as dividends,
- d) Giving TRY 47,580,453,30 to the Partners as a second dividend
- e) In the financial statement prepared in accordance with the provisions of the Tax Procedure Law, the remaining amount after the allocation of the general legal reserve of TRY 7,300,399,12 is transferred to our legal records as extraordinary reserves,
- f) Payments to the beneficiaries are made on 7 June 2021, issues were accepted by majority vote at the Ordinary General Assembly held on 27.05.2021.

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

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:

	31.12.2021	31.12.2020
Share Premium	35.838.595	35.838.595
TOTAL	35.838.595	35.838.595

Movements of actuarial loss/gain fund are as below:

	31.12.2021	31.12.2020
Opening balance	12.446.156	9.826.651
Current actuarial (gain)/loss	7.255.494	2.619.505
TOTAL	19.701.650	12.446.156

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.

	01.01.2021	Additions	31.12.2021
Restricted Reserves	26.441.082	7.704.260	34.145.342
TOTAL	26.441.082	7.704.260	34.145.342

29. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

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	31.12.2021	31.12.2020
Accumulated Profit/Loss	149.270.240	131.362.453
Period Profit/Loss	96.369.447	24.746.066
Divident	(76.753.991)	(6.046.545)
Legal Reserves	(7.704.260)	(791.734)
TOTAL	161.181.433	149.270.240

30. EXPENSES BY NATURE

	January 01– December 31, 2021	January 01– December 31, 2020
General administration expenses	63.568.684	43.675.493
Marketing expenses	56.782.533	36.534.805
Research and development expenses	6.094.886	4.611.223
Cost of sales	675.671.979	421.094.021
TOTAL	802.118.082	505.915.542

31. SALES AND COST OF SALES

Sales are shown as follows:

	January 01– December 31, 2021	January 01– December 31, 2020
Domestic sales	349.024.739	171.626.630
Foreign sales	723.376.826	462.320.363
Brüt Satışlar	1.072.401.565	633.946.993
Sales returns (-)	(1.241.937)	(536.872)
Sales discounts (-)	(2.699.029)	(6.919.089)
Other discounts (-)	(7.007.509)	(2.278.983)
Returns and discounts	(10.948.476)	(9.734.944)
Net sales	1.061.453.089	624.212.049

31. SALES AND COST OF SALES (Cont'd)

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 6.903.210. Annual discount rate has been applied to 17,58% for TRY; 0,46% for EUR and 1,60% for GBP and USD.

Cost of sales are shown as follows:

	January 01 – December 31 2021	January 01 – December 31 2020
Cost of goods sold	674.603.139	420.858.922
Cost of trade goods sold	1.068.840	235.099
TOTAL	675.671.979	421.094.021

Cost of sales according to their nature in periods January 01, 2021 - December 31, 2021 and January 01, 2020 - December 31, 2020 are indicated as below:

	January 01 – December 31 2021	January 01 – December 31 2020
Material usage share	335.389.551	196.616.812
Natural gas usage	150.952.439	86.057.874
Personnel expense share	104.314.982	68.710.120
Indirect material use	42.546.549	28.392.308
Depreciation and amortization expenses	20.656.559	16.238.263
Transportation expenses	10.503.837	8.532.178
Maintenance and repair expenses	10.345.606	6.300.792
Food and subsistence expenses	4.881.974	3.341.346
Shipping cost	3.126.951	1.981.805
Diesel and LPG usage	1.250.053	1.031.590
Cost of trade goods sold	1.068.840	235.099
Anticipated Sales Return Provision	17.878	-
Changes in semi-finished goods inventory	(1.903.730)	(1.264.343)
Internal consumption (*)	(2.165.638)	(1.848.907)
Product inventory change	(10.101.024)	3.198.485
Other general manufacturing expenses	4.787.152	3.570.601
TOTAL	675.671.979	421.094.021

(*) 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.

31. SALES AND COST OF SALES (Cont'd)

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 4,578.610. Annual discount rate has been applied to 17,58% for TRY; 0,46% for EUR; and 1,60% for USD, CHF, GBP.

32. CONTRACTS OF CONSTRUCTION

None. (31.12.2020: None.)

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 2021 and 1 January - 31 December 2020, according to their qualifications, are as follows:

	January 01 - December 31 2021	January 01 - December 31 2020
Provision for termination expenses	19.550.633	12.297.716
Personnel expenses	15.909.780	10.871.342
Outsource services	8.854.968	7.872.486
Termination indemnities paid	4.857.026	2.423.368
Depreciation and amortization expenses	3.953.088	2.128.408
Consultancy expenses (*)	3.220.497	2.615.738
Consultancy expenses	1.462.244	668.134
Tax, duties and charges	1.067.341	871.237
Brand and quality certificate expense	740.015	773.407
Due and subscription fees	609.364	593.173
Electric expenses	591.241	378.536
Insurance expenses	503.581	390.000
Travelling expenses	331.921	283.929
Transportation vehicle expenses	330.683	259.433
Rent expenses	311.422	4.272
Notice of termination expenses paid	271.515	124.412
Haberleşme giderleri	255.664	208.506
Audit Expense	199.027	168.208
Internship and education expense	56.788	60.324
Other	491.886	682.863
TOTAL	63.568.684	43.675.493

33. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

(* 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 2021.

("AS/NEXIA")	January 01 - December 31 2021	January 01 - December 31 2020
Audit fees ⁽¹⁾	81.000	70.000
Assurance audit fees ⁽²⁾	-	-
Tax service fees ⁽³⁾	205.598	183.289
Other fees ⁽⁴⁾	10.074	4.000
("AS/NEXIA") for the total fee	296.672	257.289
Fees paid to the NEXIA International network ⁽⁵⁾	-	-
Fees paid to other audit firms	-	-
Total fees paid to auditors	296.672	257.289

1) Audit fees consist only of contractual fees for annual audit services and other audit services, which are services reasonably rendered by independent auditors.

2) 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.

3) 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.

4) Other fees include fees paid for financial advice and other services.

5) 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").

33. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont'd)

Marketing, Sales and Distribution Expenses

Details of marketing, sales and distribution expenses according to their nature in periods January 01, 2021 - December 31, 2021 and January 01, 2020 – December 31, 2020 are shown as below:

	January 01 - December 31 2021	January 01 - December 31 2020
Foreign sales expenses	27.977.455	18.695.736
Personnel expenses	10.662.366	7.449.202
Domestic sales expenses	9.822.172	5.027.659
Advertising expenses	3.532.815	1.830.292
Construction sales expenses of ceramic boards	1.940.976	1.663.683
Depreciation expenses	1.171.843	502.481
Provision of Guarantee Expense	852.661	864.548
Packaging expenses	609.763	445.506
Other	212.482	55.699
TOTAL	56.782.533	36.534.805

Research and Development Expenses

Details of research and development expenses according to their nature in periods January 01, 2021 - December 31, 2021 and January 01, 2020 – December 31, 2020 are shown as below:

	January 01 - December 31 2021	January 01 - December 31 2020
Personnel expenses	4.804.519	3.388.190
Outsourced expenses	1.080.726	905.597
Other	209.642	317.435
TOTAL	6.094.886	4.611.223

34. OTHER OPERATIONAL INCOME AND EXPENSE FROM MAIN ACTIVITIES

Other operational incomes

	January 01 - December 31 2021	January 01 - December 31 2020
Exchange differences income	110.046.815	40.348.640
Brand and promote fair income	8.961.579	3.795.950
Reflected material price differences	5.662.803	1.031.810
Scrap sales	3.221.902	1.186.402
Rediscount interest income	2.430.556	4.708.690
Rental income	635.100	462.650
Cancellation of provision for termination indemnities	505.071	370.367
Reflected revenues	365.172	1.276.088
Cancellation of provision lawsuit	359.415	597.500
Insurance damage income	259.199	418.680
Promotion Incomes	215.904	216.496
Interest differences income	88.656	3.887
Sale of sample ceramic and board	81.008	43.482
Export freight and insurance income	49.044	1.294
Cancellation of provision for doubtful receivables	3.990	1.776
Cancellation of provision for inventories	993	7.720
Other	495.292	730.989
TOTAL	133.382.499	55.202.420

Other operational expenses

	January 01 - December 31 2021	January 01 - December 31 2020
Exchange differences expense	89.127.255	54.907.614
Reflected material and price differences	5.663.882	1.031.810
Rediscount interest expense	2.827.931	3.287.529
Provision of permission	558.393	139.885
Reflected expenses	365.172	1.276.088
Idle capacity expenses and losses	246.217	2.311.430
Provision for lawsuit expenses	160.000	1.293.295
Provision for doubtful debt	110.510	-
Sale of sample ceramic and board	81.008	43.482
Other	1.505.687	1.247.158
TOTAL	100.646.057	65.538.290

35. EXPANDITURES AND REVENUES FROM INVESTING ACTIVITIES**Revenues from Investing Activities**

	January 01 - December 31 2021	January 01 - December 31 2020
Profit on sale of fixed assets	2.544.826	1.352.107
Exchange differences expense	350.059	-
TOTAL	2.894.885	1.352.107

Expenses from Investing Activities

	January 01 - December 31 2021	January 01 - December 31 2020
Loss on sale of fixed assets	-	836.479
Exchange differences expense	2.747.992	394.953
TOTAL	2.747.992	1.231.432

36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES

Details of expenses classified by principle types in periods January 01, 2021 - December 31, 2021 and January 01, 2020 – December 31, 2020 are shown as below:

	January 01 - December 31 2021	January 01 - December 31 2020
Amortization expenses		
Cost of sales (*)	20.656.559	16.238.263
General administration expenses	3.953.088	2.128.408
Idle capacity expenses and losses	246.217	1.218.608
Marketing, sales and distribution expenses	852.661	864.548
TOTAL	25.708.524	20.449.827

(*) The Company's total depreciation expenses for 2021 are 28,362.661 TRY, and the remaining share of these depreciation expenses in the finished goods inventories at the end of the year is 2.654.137 TRY. (In 2020: 2.890.591 TRY)

	January 01 - December 31 2021	January 01 - December 31 2020
Personnel expenses		
Cost of sales	104.314.982	68.710.120
General administration expenses	15.909.780	10.871.342
Marketing, sales and distribution expenses	10.662.366	7.449.202
Research and development expenses	4.804.519	3.388.190
Idle capacity expenses and losses	-	1.092.822
TOTAL	135.691.647	91.511.675

37. FINANCIAL EXPENSES AND INCOME

Financial Expenses

	January 01 - December 31 2021	January 01 - December 31 2020
Bank loan, interest and commission expenses	5.022.705	1.714.365
Bank loan exchange difference expenses	5.203.665	19.182.091
Other Exchange difference expenses	23.275.733	11.473.700
Right of use assets interest expenses	1.004.050	786.187
TOTAL	34.506.154	33.156.344

Financial Income

	January 01 - December 31 2021	January 01 - December 31 2020
Interest income	1.463.243	947.625
Exchange difference income	78.439.895	24.112.427
TOTAL	79.903.138	25.060.052

38. ANALYSIS OF OTHER COMPREHENSIVE INCOMES

Details of other comprehensive incomes/(expense) in periods January 01, 2021 - December 31, 2021 and January 01, 2020 – December 31, 2020 are shown as below:

	January 01 - December 31 2021	January 01 - December 31 2020
Not to be reclassified in Profit or Loss		
Defined benefit plans revaluation gains/(losses) (Note 27)	9.673.992	3.358.340
Defined benefit plans revaluation gains/(losses), Tax effect (Note 40)	(2.418.498)	(738.835)
TOTAL	7.255.494	2.619.505

39. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (December 31, 2020 None.)

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES)

Tax expense/income in comprehensive income statement in periods January 01, 2021 - December 31, 2021 and January 01, 2020 – December 31, 2020 are shown as below:

	January 01 – December 31 2021	January 01 – December 31 2020
Current tax income / (expense)	(69.311.821)	(8.043.926)
Deferred tax income / (expense)	(5.640.835)	4.428.353
TOTAL	(74.952.656)	(3.615.573)

Current Tax

In Turkey, the corporate tax rate is 25% for 2021 according to the Corporate Tax Code No. 5520. It is applied as 22% for 2018, 2019 and 2020 and as 23% for corporate earnings for the taxation period of 2022. (for 2017 is 20%). 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.

If the Company meets the requirements of Law No. 5024 and the corrections made in the aforementioned declarations (such as a 100% increase in the price index in the previous 12 months and a 10% increase in the current period), the amount of the tax base for the period must be calculated in accordance with Declaration No. 338. However, on January 29, 2022, Provisional Article 33 of the Tax Procedure Code and Law No. 7352 were published in the Official Gazette. The item has also been added to the list of temporary tax periods, including periods in 2021 and 2022. (For 2022 and 2023, it is assigned to the accounting period ending in procures for themselves as special in terms of the accounting period) within the scope of Article 298.

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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 15%. Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Companies will receive 1% of their quarterly financial profits in 2021. 20% in the temporary tax period calculates a temporary tax of 25% for the following periods, 22% for 2018, 2019 and 2020 (20% for 2017) and declare it by the 17th day of the second month following that period and pay it by the evening of the same day. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to 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.

5% Tax Reduction Applied to Taxpayers

With the duplicated entry article 121 of the Income Tax Code, the opportunity is given to income and corporate tax taxpayers who pay their taxes on time and meet the other conditions stated, 5% of the tax calculated on annual income or corporate tax returns to be issued as of January 1, 2018, to be deducted from the tax due to be paid. The company calculated a compliant taxpayer discount of TRY 2.000.000,00 (2020: TRY 423,365) over the corporate tax amount for 2021 and reduced it from the tax provision.

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 22.373.884,00 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 2.100.698 in provision of current period tax, and this amount has been discounted from tax assets.
- b) There has been TRY 51.441.876,00 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 4.829.910 in provision of current period tax, and this amount has been discounted from tax assets.

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

- a) 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 2.938.121 in provision of current period tax, and this amount has been discounted from tax assets.
- b) In accordance with the document dated 30.11.2020 and numbered F-136299, TRY 72.858.963 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, 2021. Within the scope of the document, a reduced corporate tax benefit of TRY 4.337.649 was used for the current period's tax provision.

For both investment incentive certificate, incentive used as discounted corporate tax amounted TRY 14.206.377 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 2021	January 01 – December 31 2020
Profit / (loss) before tax	327.677.186	92.925.542
Non-deductible expenses	14.395.905	9.225.392
Remittances	(300)	-
Corporate Tax Base	342.072.791	102.150.934
Reduced Corporate Tax Base	84.660.367	72.364.999
Corporate Tax	64.353.106	6.552.906
Reduced Corporate tax	6.958.715	1.914.385
Discount of Corporate Tax (Compatible Taxpayer Discount)	(2.000.000)	(423.365)
Tax Expenses for the Period	69.311.821	8.043.926

As of December 31, 2021, Company has no retained loss which can be deducted from corporate tax for future profits.

40. INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES) (Cont'd)

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.

The breakdown of accumulated temporary differences and deferred tax assets and liabilities subject to deferred tax as of December 31, 2021 and December 31, 2020, using the current tax rates, is as follows:

	Accumulated Temporary Differences		Tax Rate	Deferred Tax Assets / (Liabilities)	
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
Deferred Tax Assets / (Liabilities)					
Employee benefits	44.208.769	40.594.457	25%	11.052.192	8.930.781
Provisions of debt	4.511.888	4.246.770	25%	1.127.972	934.289
Usage liabilities	(5.293.452)	(1.550.274)	25%	(1.323.363)	(341.060)
Cash assets currency differe	(3.972.179)	-	25%	(993.045)	-
Buyers currency difference	(6.751.207)	-	25%	(1.687.802)	-
Sellers currency difference	3.340.241	-	25%	835.060	-
Bank credits	342.886	22.687	25%	85.722	4.991
Expected sales returns	265.379	607.681	25%	66.345	133.690
Rediscount of receivable checks and notes	(1.037.207)	(1.123.524)	25%	(259.302)	(247.175)
Provisions of doubtful receivables	1.041.397	934.877	25%	260.349	205.673
Tangible fixed assets	(27.544.399)	(24.208.108)	25%	(6.886.100)	(5.325.784)
Intangible fixed assets	5.855.319	2.852.527	25%	1.463.830	627.556
Inventories	18.461.427	9.540.891	25%	4.615.357	2.098.996
Interest differences on sales	(20.095.663)	(9.580.182)	25%	(5.023.916)	(2.107.640)
Interest differences on purchases	(4.149.310)	(289.519)	25%	(1.037.328)	(63.694)
Reduced Corporate Tax	115.480.624	156.249.270	25%	28.870.156	34.374.839
TOTAL				31.166.128	39.225.461

	December 31, 2021	December 31, 2020
Opening balance	39.225.461	35.535.944
Adjustment effect of 01.01.2020	-	-
Current year deferred tax gain/(loss)	(5.640.835)	4.428.353
Deferred tax reflected in shareholders' equity (*)	(2.418.498)	(738.835)
Deferred Tax Assets	31.166.128	39.225.461

(*) 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.

41. EARNING PER SHARE

	January 01 – December 31, 2021	January 01 – December 31, 2020
Net profit / (loss)	262.662.670	96.369.447
Weighted average number of common share	7.500.000.000	7.500.000.000
Profit/(Loss) Per Share	0,035022	0,012849

42. SHARE BASED PAYMENT

None. (December 31, 2020: None.)

43. CONTRACTS OF INSURANCE

None. (December 31, 2020: None.)

44. EFFECTS OF EXCHANGE RATE CHANGES

None. (December 31, 2020: 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, 2020: None.)

47. FINANCIAL INSTRUMENTS**- Short Term Financial Loans**

	December 31, 2021	December 31, 2020
Short term bank loans (*)	13.376.384	19.870.108
Accruals of interest	94.391	101.246
Total	13.470.775	19.971.354

(*) It consists of import credits with a maturity of less than one year.

47.FINANCIAL INSTRUMENTS (Cont'd)

December 31, 2021	Foreign Currency Amount	Exchange Rate	TRY
TRY	3.415.171	1	3.415.171
EUR	665.322	15,1139	10.055.605
Total Short-Term Financial Liabilities			13.470.775

December 31, 2020	Foreign Currency Amount	Exchange Rate	TRY
TRY	-	1	-
EUR	2.217.093	9,0079	19.971.354
Total Short-Term Financial Liabilities			19.971.354

- Other Short-Term Financial Liabilities

	December 31, 2021	December 31, 2020
Other Financial Liabilities	1.928.558	2.731.111
TOTAL	1.928.558	2.731.111

- Other Long-Term Financial Liabilities

	December 31, 2021	December 31, 2020
Other Financial Liabilities	2.536.673	2.398.821
TOTAL	2.536.673	2.398.821

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.

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

Credit risk

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

31.12.2021	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	251.400.485	127.855.847	-	34.063.057	77.318.665	-	117.611.538
(A+B+C+D+E) (*)							
- 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	-	-	-	-	-
-Impairment (-)		(1.714.396)	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
E. Items which includes credit risk off-balance	-	-	-	-	-	-	-

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

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

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

31.12.2020	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	126.132.537	59.121.898		22.646.223	64.432.258		37.464.676
(A+B+C+D+E) (*)							
-Part of credit risk guaranteed with assurance	-	-	-	-	-	-	-
A. Net book value of not overdue and not impaired financial assets	126.132.537	57.792.035	-	-	64.432.258	-	37.464.676
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	-	612.542	-	22.646.223	-	-	-
D. Net book value of assets which are overdue	-	717.321	-	-	-	-	-
-Overdue (gross book value)	-	2.325.197	-	-	-	-	-
-Impairment (-)	-	(1.607.876)	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
-Part of net value guaranteed with assurance	-	-	-	-	-	-	-
E. Items which includes credit risk off-balance	-	-	-	-	-	-	-

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

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

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	-	-	-	-	-

Aging table of overdue but not impaired assets is below:

31.12.2020	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Overdue 1-30 days	-	549.062	-	-	-	-	-
Overdue 1-3 months	-	-	-	-	-	-	-
Overdue 3-12 months	-	-	-	-	-	-	-
Overdue 1-5 years	-	63.480	-	-	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
Part that is guaranteed by assurance	-	-	-	-	-	-	-
Total	-	612.542	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

Liquidity Risk

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)	More 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)	More than 5 years (IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

31.12.2020

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)	More than 5 years (IV)
Non-derivative financial liabilities	183.273.915	186.569.632	-	-	-	-
Bank credits	19.971.354	20.045.350	6.132.983	13.912.367	-	-
Financial leasing liabilities	5.129.932	5.129.932	-	-	-	-
Commercial debt	157.386.961	160.608.681	81.033.947	73.494.402	6.080.333	-
Other debt	1.862.089	1.862.089	1.862.089	-	-	-
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)	More than 5 years (IV)
Derivative financial liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

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									
	31.12.2021					31.12.2020				
	TRY Equivalent (Functional currency)	USD	EUR	GBP	Other	TRY Equivalent (Functional currency)	USD	EUR	GBP	Other
1-Trade Receivables	256.274.559	18.468.203	528.686	118.873	-	129.129.333	16.629.559	613.877	153.896	-
2a-Monetary Financial Assets (Including cash and bank accounts)	150.327.204	9.914.361	1.024.948	-	-	84.762.330	8.585.979	2.413.098	-	-
2b-Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3-Other	6.906.519	65.011	400.351	-	-	1.624.909	79.745	115.404	-	-
4-Current	413.508.281	28.447.576	2.133.985	118.873	-	215.516.572	25.295.283	3.142.379	153.896	-
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)	413.508.281	28.447.576	2.133.985	118.873	-	215.516.572	25.295.283	3.142.379	153.896	-
10-Trade Payables	117.406.648	2.146.390	5.871.807	-	-	67.440.491	1.293.143	6.428.403	4.200	-
11-Financial Liabilities	10.011.254	-	662.387	-	-	19.948.668	-	2.214.575	-	-
12a-Other monetary liabilities	538.757	26.242	12.461	-	-	370.609	50.487	1	-	-
12b-Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13-Short Term Liabilities (10+11+12)	127.956.659	2.172.633	6.546.655	-	-	87.759.768	1.343.630	8.642.979	4.200	-
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)	127.956.659	2.172.633	6.546.655	-	-	87.759.768	1.343.630	8.642.979	4.200	-
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)	285.551.623	26.274.943	(4.412.671)	118.873	-	127.756.805	23.951.654	(5.500.600)	149.696	-
21-Net Position of Foreign Exchange Asset/(Liability) for Monetary (-1+2a+5+6a-10-11-12a-14-15-16a)	278.645.104	26.209.932	(4.813.022)	118.873	-	126.131.895	23.871.909	(5.616.004)	149.696	-
22-Total Fair Value of Financial Instrument for Foreign Currency Hedge	-	-	-	-	-	-	-	-	-	-
23-Export	643.429.440	59.219.564	8.627.777	2.082.686	-	433.510.723	51.612.474	6.415.937	2.000.019	-
24-Import	61.488.944	2.314.972	3.862.876	114.879	-	55.644.314	1.276.830	5.631.761	42.924	-

48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Cont'd)

Currency Position Sensitivity Analysis

Exchange Rate Sensitivity Analysis				
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	35.163.423	(35.163.423)	-	-
2. Part protected from US Dollar risk (-)	-	-	-	-
3. US Dollar net impact (1+2)	35.163.423	(35.163.423)	-	-
If the Euro changes by 20% against the TRY;				
4. Euro net asset/liability	(9.909.772)	9.909.772	-	-
5. Part protected from Euro risk (-)	-	-	-	-
6. Euro net impact (4+5)	(9.909.772)	9.909.772	-	-
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)	25.253.651	(25.253.651)	-	-
31 December 2020				
	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	14.269.938	(14.269.938)	-	-
2. Part protected from US Dollar risk (-)	-	-	-	-
3. US Dollar net impact (1+2)	14.269.938	(14.269.938)	-	-
If the Euro changes by 20% against the TRY;				
4. Euro net asset/liability	(7.729.315)	7.729.315	-	-
5. Part protected from Euro risk (-)	-	-	-	-
6. Euro net impact (4+5)	(7.729.315)	7.729.315	-	-
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)	6.540.624	(6.540.624)	-	-

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.

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

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

None.

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

None. (December 31, 2020: None.)

52. FIRST APPLICATION OF TAS

None. (December 31, 2020: None.)

53. EXPLANATION ABOUT CASH FLOW TABLES

Cash and Cash Equivalents

	31.12.2021	31.12.2020
Cash	1.811	4.376
Banks	77.318.665	64.432.258
-Demand deposit	24.002.665	6.460.558
-Time deposit	53.316.000	57.971.700
Unexpired cheques	-	-
Other current assets	117.611.538	37.464.676
-Repo	80.309.500	25.273.615
-POS Accounts	37.302.038	12.191.061
TOTAL	194.932.014	101.901.310
Bankrupt Bank Risk Provision (-)	-	-
TOTAL	194.932.014	101.901.310

-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

-Details of currency of time deposit and currency of repo related to December 31, 2020 are shown as below:

Currency of Repo	Maturity	Interest Rate	31.12.2020 TRY
TRY	4.01.2021	13,25%	4.500.000
TOTAL			4.500.000

Currency of Repo	Maturity	Interest Rate	31.12.2020 USD	31.12.2020 TRY
USD	4.01.2021	0,10%	2.830.000	20.773.615
TOTAL			2.830.000	20.773.615

53. EXPLANATION ABOUT CASH FLOW TABLES (Cont'd)

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

Time Deposit Currency	Maturity	Interest Rate	31.12.2020 USD	31.12.2020 TRY
USD	11.01.2021	3,00%	750.000	5.505.375
USD	25.01.2021	3,00%	1.250.000	9.175.625
USD	25.01.2021	3,00%	1.500.000	11.010.750
USD	2.02.2021	3,00%	1.250.000	9.175.625
USD	25.01.2021	3,10%	1.000.000	7.340.500
TOTAL			5.750.000	42.207.875

Time Deposit Currency	Maturity	Interest Rate	31.12.2020 EUR	31.12.2020 TRY
EUR	18.01.2021	2,20%	1.750.000	15.763.825
TOTAL			1.750.000	15.763.825

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

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES	224.548.824	135.483.231
Profit/Loss for The Period	262.662.670	96.369.447
Adjustments to Reconcile Net Profit/Loss for The Period	103.645.801	31.800.143
<i>Adjustments Related with Amortization and Depreciation</i>	25.708.524	20.449.827
Adjustments Related to Impairment / Reversal	(993)	(7.720)
<i>Provision for Inventory Impairment</i>	(993)	(7.720)
Adjustments Related to Provisions	15.169.555	9.277.209
<i>Adjustments Related to Provision for Employee Benefits</i>	9.929.963	8.708.895
Adjustments Related to Other Provisions	4.978.465	(628.186)
<i>Adjustments Regarding Lawsuits and / or Penalty Provisions</i>	(199.415)	695.795
<i>Adjustments for Free Provisions (Cancellation) for Potential Risks</i>	(3.990)	(1.776)
<i>Adjustments Related to Provision for Guarantees</i>	464.532	502.481
Adjustments Related to Interest Income / (Loss)	586.813	449.356
<i>Adjustments Related to Interest Income</i>	(552.977)	(281.143)
<i>Adjustments Related to Interest Expense</i>	1.139.790	730.499
<i>Adjustments Related to Tax (Income) Expense</i>	74.952.656	3.615.573
Adjustments Related to Losses (Gains) Arising from the Disposal of Fixed Assets	(2.544.826)	(515.628)
<i>Adjustments Related to Losses (Gains) Arising from the Disposal of Fixed Assets</i>	(2.544.826)	(515.628)
<i>Other Adjustments Related to Profit / Loss Reconciliation</i>	(10.225.929)	(1.468.475)
Changes in Business Capital	(141.759.647)	7.313.641

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.

22. Declaration of Compliance with Corporate Governance Principles of 2021

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 2021, the rate of female members in the Board of Directors was 50%.

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.

- 2021 Corporate Governance Compliance Report

2021 Corporate Governance Compliance Report is published on the Public Disclosure Platform and www.egeseramik.com website in addition to the 2021 Annual Report

- 2021 Corporate Governance Information Form

2021 Corporate Governance Compliance Report is published on the Public Disclosure Platform and www.egeseramik.com website in addition to the 2021 Annual Report.

