

# 2023

**YILLIK FAALİYET RAPORU**  
ANNUAL REPORT



# MESSAGE FROM BOARD OF DIRECTORS

To our esteemed Shareholders, Business Partners and Employees,

The year 2023 is remembered as a difficult year all over the world in terms of the global economy. Reflections of the economic crisis experienced after the pandemic period, the world-shaking effects of the Russia-Ukraine war that started in 2022, the Gaza War that started in 2023, increasingly escalating geopolitical tensions, energy, commodity and supply chain problems that disrupted global trade, increasing income distribution inequalities especially in developing countries, different reflections of the climate crisis, and rising nationalist-conservative policies in the elections held in different parts of the world in the face of all these problems left their mark on the year.

While the US economy grew by 3.4% on an annual basis in the last quarter of 2023, the Eurozone economy did not grow in the same period. The Eurozone economy, which spent 2023 under the effects of the Russia-Ukraine war and where technical recession expectations were intense, grew at a negligible rate of 0.1% in the whole of 2023.

While Turkey entered 2023 with the economic burdens of the previous year, it was shaken by a major earthquake on February 6, in the second month of 2023. The earthquakes centered in Kahramanmaraş affected 11 provinces and unfortunately, 51 thousand of our citizens lost their lives, whose pain we still feel. The earthquake also had a great impact on the Turkish economy. According to the Kahramanmaraş and Hatay Earthquakes Report published by the Presidency of the Republic of Turkey, Strategy and Budget Directorate (SBB), the cost of the earthquake is approximately 104 billion US Dollars.

Turkey's economic agenda has been quite busy in 2023, with earthquakes, elections, interest rates, changing economic management, stock market, and public offerings. As a result of the economic policies implemented, interest rates were reduced to 8.5 percent, but in this process,

inflation and foreign exchange increased to record levels. Headline inflation in Turkey increased to 68.50% on an annual basis, and DPPI reached 51.47%.

The growth rate in the Turkish economy throughout 2023 was 4.5%, which is the lowest level since the pandemic.

The construction sector recorded a growth of 7.8% in total in 2023, which is above the general economy. While the effects of the earthquake we experienced in 2023 caused sectoral growth to remain below expectations in the first half of the year; in the second half of the year, the acceleration of urban transformation works and the increasing need for new housing caused sectoral growth to accelerate. In addition to the reconstruction activities in the earthquake zone, the uncertainties that decreased with the completion of the election process also had a positive impact on the construction sector figures; however, growth in the sector still lags behind previous years. Although growth occurred for the first time in the construction sector after a five-year break, this rate could only compensate for 35% of the contraction experienced by the sector.

The real estate sector, on the other hand, exhibited a very slow growth of 2.7% in 2023. According to TUIK data, housing sales across Turkey decreased by 14.9% in the January-November period compared to the same period of the previous year, reaching 1 million 87 thousand 349.

According to January-December 2023 data, Ceramic Tile Materials exports decreased by 39% compared to 2022, decreasing to 633 million dollars.

Türkiye is established with nearly 40 facilities in the ceramic industry, and its effective production capacity has reached 650 million square meters.

Unused production capacity and idle product stocks cause manufacturers to compete based on price in domestic and export markets and become unable to create added value.

Despite the decline in natural gas prices, anti-dumping practices in Turkey, increases in labor costs, increases in raw material costs due to foreign exchange and inflation have a negative impact on ceramic production costs, and it becomes difficult to increase sales prices.

As Ege Seramik, a new modernization investment has been started in 2023 in order to break away from this vicious circle that affects the industry in general. Our primary goal is to provide more competitive conditions in the market by increasing our production efficiency and at the same time to increase our profitability by offering qualified products to the market and to increase the contributions we provide to our shareholders, business partners and employees.

Best Regards.

**Ege Seramik Board of Directors**



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

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

## 1) Opinion

We have audited the Annual Activity Report of Ege Seramik Sanayi ve Ticaret A.S. ("Company") with respect to the accounting period 1 January 2023 - 31 December 2023.

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 have expressed a positive opinion on the Company's full set financial statements for the accounting period of 1 January 2023 - 31 December 2023, including the matter highlighted in our auditor report dated 09 May 2024 and the going concern items.

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

Company management is responsible for the following regarding the annual activity report in accordance with Articles 514 and 516 of the Turkish Commercial Code (TTK) No. 6102;

- 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.
- 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.
- 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.

While preparing the activity report, the board of directors also takes into consideration the secondary legislation regulations made by the Ministry of Commerce and relevant institutions.

#### **5) Responsibility of the Independent Auditor Regarding the Independent Audit of the Annual Activity Report**

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

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

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

Osman Tuğrul ÖZSÜT  
Responsible Auditor

İstanbul, May 09, 2024



# ► Table of Contents

## A- History

1. Milestones

## B- General Information on Ege Seramik

1. Vision-Mission-Objectives
2. General Information
3. Information on the Managing Body, Senior Executives and Personnel of the Company
4. Organization, Capital and Shareholding Structure of the Company
5. Benefits to the Members of the Managing Body and Senior Executives of the Company
6. Shareholders
7. Information Policy of Company
8. Web Site and Content of Company
9. Research and Development Activities of the Company
10. Activities of the Company and Important Developments Related to Activities
11. Financial Standing
12. Production
13. Sales
14. Developments in the Sector
15. Our Company's Position in the Sector
16. Stakeholders
17. Amendments Made to the Articles of Association during the Term
18. Related Party Transactions in Year 2023 and Forecasting Report on Widespread and Continuous Related Party Transactions in Year 2023
19. Proposal for the Distribution of Year 2023 Profit
20. Independent Audit Report
21. Financial Statements and Footnotes
22. Corporate Governance Principles Compliance Statement for 2023
  - 2023 Yılı Kurumsal Yönetim Uyum Raporu
  - Corporate Governance Compliance Report for 2023
  - Corporate Governance Information Form for 2023
23. Events After the Reporting Period

# A – HISTORY

## 1. Milestones

- 1972 Ege Seramik was established in Izmir Kemalpaşa.
- 1973 Production started with a capacity of 300,000 m<sup>2</sup>.
- 1981 Significant part of stocks were purchased by Mr. Ibrahim Polat.
- 1982 Ege Insaat Malzemeleri Pazarlama A.S. was incorporated in order to carry out sales marketing operations of Ege Seramik.
- 1983 It was incorporated into the İbrahim Polat Holding.
- 1988 Five-year investment program started.
- 1992 Ege Seramik started to be publicly traded at IMKB.
- 1994 Production capacity increased to 16 million m<sup>2</sup>.
- 1995 Production capacity increased to 22 million m<sup>2</sup>.





- 2004 Plant to produce custom-shaped tiles was commissioned.
- 2004 Production capacity increased to 25 million m<sup>2</sup>.
- 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, taken into service.
- 2018 The construction of our new factory store was completed and put into operation. The installation of new press and digital printing machinery was completed and included in production within the scope of modernization investments.
- 2019 The installation of new squaring and machines was completed and put into operation.
- 2020 Modernization and renovation activities were completed and commissioned in our factory general production facility.
- 2021 Press and furnace revisions are carried out and put into operation within the scope modernization and renovation activities..
- 2022 Within the scope of Renovation Activities, furnace and mill revisions were made and commissioned
- 2023 The installation of the new digital printing and raw tile selection machines was completed and commissioned..



## B. GENERAL INFORMATION ON EGE SERAMİK

### 1. Vision-Mission-Objectives

#### Our Vision;

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

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

#### Our Mission;

With our products manufactured by international quality standards;

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

#### Our Objectives;

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

## 2. General Information

<b>Reporting Period</b>	1 January 2023 – 31 December 2023
<b>Company Trade Name</b>	EGE SERAMİK SANAYİ VE TİCARET A.Ş.
<b>Tax Office / Number</b>	Kemalpaşa / 325 005 5424
<b>Trade Registration Number</b>	614 K.Paşa-575
<b>Mersis Number</b>	0-3250-0554-2400011
<b>Headquarters Address</b>	Kemalpaşa O.S.B. Mah. Ansızca San. Sit. Sokak No:297/1 Kemalpaşa/İZMİR
<b>Branch Address</b>	İstiklal Mah. Piyalepaşa Bulv. No:26/1 İç Kapı No:6 Beyoğlu/İSTANBUL
<b>Field of Activity</b>	Production and sales transactions of ceramic floor and wall tile
<b>Stock Share Code</b>	EGSER
<b>Contact Information</b>	
<b>Phone</b>	(232) 878 17 00
<b>Branch Phone</b>	(212) 217 44 90
<b>Fax</b>	(232) 878 12 54
<b>E-mail address</b>	info@egeseramik.com
<b>Kep address</b>	egeseramik@hs01.kep.tr
<b>Web Address</b>	www.egeseramik.com

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

#### a) Board of Directors



**Murat Polat**  
Chairman of Board of  
Directors



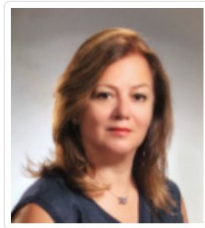
**İbrahim Fikret  
POLAT**  
Deputy Chairman of  
Board of Directors



**Enver SEVER**  
Member of Board of  
Directors



**Tola BECER**  
Independent  
Member of Board of  
Directors



**Tuba TARLAN**  
Independent  
Member of Board of  
Directors



**Siamak JALİLi**  
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 10.05.2023, 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 2023:

### Chairman

Murat POLAT

*(Non-Executive Member)*

### Vice Chairman

İbrahim Fikret POLAT

*(Non-Executive Member)*

### Member

Enver Sever

*(Executive Member)*

### Member

Siamak Jalili

*(Executive Member)*

### Independent Member

Tola Becer

*(Independent Member)*

### Independent Member

Tuba TARLAN

*(Independent Member)*

## d) Executive Members of the Board of Directors

### Member of Board of Directors

Enver Sever

Siamak Jalili

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

### Murat POLAT

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

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

### **İbrahim Fikret POLAT**

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

### **Enver Sever**

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

### **Tola BECER**

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

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

### **Tuba TARLAN**

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

### **Siamak JALİLİ**

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

Architecture between 1993-1999 and Batı Architecture firm between 1999-2004. He served as Ege Seramik Domestic and Foreign Trade-Marble Department Director between 2004-2007, Ege Seramik Domestic and Foreign Trade-Sales Manager between 2007-2014, and Polat Mining-Sales and Marketing Manager from 2014 to 2022. He is still a member of the Board of Directors of Ege Seramik Sanayi ve Ticaret AŞ and works as the Sales Director. He is married, has two children and speaks Italian, English and Persian.

## Nurgün AY

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

## f) Operating Principles of the Board of Directors

According to the articles of incorporation of the Company, Board of Directors meets whenever it is required by the affairs of the Company. However, it is mandatory for the Board of Directors to hold a meeting minimum once in a month. Board of Directors convenes with minimum 4 members. Decisions of board of directors may be taken with the absolute majority of the meeting participants who participated into the board meeting both physically and over the electronic environment. The meeting form, meeting and decision-making quorums of the board, voting procedures and the duties, rights and powers of the board of directors are governed by the relevant provisions of

Turkish Commercial Code and Capital Markets Code. Meetings of the Board of Directors were held and 46 (forty-six) individual resolutions made on various dates during year 2023. 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

Three committees have been established in line with the Corporate Governance Principles determined by the CMB Series II-17-1 "Corporate Governance Communiqué": In accordance with the structuring of the Board of Directors, by reviewing the structure and activities of the existing committees within the framework of the provisions of the Capital Markets Board's Corporate Governance Communiqué (II-17-1); The Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee were established with the participation of three members of the Board of Directors. The duties and responsibilities of the Nomination Committee and Remuneration Committee are fulfilled by the Corporate Governance Committee.

### **Audit Committee:**

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

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

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

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

### **Corporate Governance Committee:**

Corporate Governance Committee members were elected among the members of board of directors during 09.06.2023 dated General Meeting of Shareholders in order to officiate until the next General Meeting of Shareholders to be held and their task distributions were realized on the same date as follows.

### **Tuba TARLAN**

Head of Corporate Governance Committee  
09.06.2023- ....  
(Independent Member of Board of Directors)

### **Tola BECER**

Member of Corporate Governance Committee  
09.06.2023 - ....  
(Member of Corporate Governance Committee)

### **İbrahim Fikret POLAT**

Member of Corporate Governance  
09.06.2023 - ....  
(Non-Executive Board Member)

### **Aysel HATİPOĞLU**

Member of Corporate Governance  
09.06.2023 - ....  
(Parent Company İbrahim Polat Holding AŞ  
Financial Affairs Group Head-CFO)

### **Mehmet BAŞTAŞ**

Member of Corporate Governance  
09.06.2023 - ....  
(Investor Relations and Financial Affairs  
Manager)

Within the scope of the assignment made in the Corporate Governance Committee's Board of Directors Decision dated 09.06.2023 and numbered 2023-32;

- Nomination Committee
- also undertakes the duties of the Wage Determination Committee. Committee members are selected from among those who have the ability, experience and potential to perform their duties without being influenced by any influence.

The regulations showing the working procedures and principles of the committees can be accessed on our company website [www.egeseramik.com](http://www.egeseramik.com).

The Corporate Governance Committee has been elected to serve until the next General Assembly.

The duties related to the **Nomination Committee and the Remuneration Committee** included in the CMB's "Corporate Governance Communiqué" numbered Series II-17-1 are carried out by the Corporate Governance Committee.

### **Early Detection of Risk Committee**

The committee consists of 3 people within the scope of the assignment made in the Board of Directors Decision dated 09.06.2023 and numbered 2023-32. Members are listed below.

#### **Tola BECER**

Chairman of Early Detection of Risk Committee 09.06.2023 - ....  
(Non-Executive Board Member)

#### **Tuba TARLAN**

Member of Early Detection of Risk Committee 09.06.2023- ....  
(Independent Board Member)

#### **Aysel HATIPOĞLU**

Member of Early Detection of Risk Committee 09.06.2023 - ....  
(Parent Company İbrahim Polat Holding AŞ  
Financial Affairs Group Head-CFO)

## **h) Senior Management**

#### **Enver SEVER**

Member of the Board of Directors in Charge of Operations

*He has worked in İbrahim Polat Holding companies since 1999. He was elected as a member of the Board of Directors on June 9, 2023 and he still serves in the same position.*

#### **Aysel HATIPOĞLU**

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

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

*Accounting and Auditing. She is married and has one child, speaks English.*

#### **Nurgün AY**

General Manager

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

#### **İ. Volkan DERİNBAY**

Vice General Manager

He graduated from Dokuz Eylül University, Department of Industrial Engineering in 2000. He joined Ege Seramik in 2004 as Production Planning Officer. He worked as Production Planning and Logistics Manager between 2005-2020. He has been appointed as Sales, Logistics and Planning Manager since 2020. He has been working as Assistant General Manager since 30.11.2022.

#### **Mehmet BAŞTAŞ**

Financial Affairs and Investor Relations Manager

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

#### **Mehmet ÇİNKILIÇ**

Factory Manager

He graduated from Afyon Kocatepe University Ceramic Engineering Department in 2002. He joined Ege Seramik in 2024. He was appointed as Factory Manager on January 19, 2024 and he still holds this position. He is married, has three children and speaks English.

#### **Nevin ÇİFTÇİOĞLU**

IT Manager

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

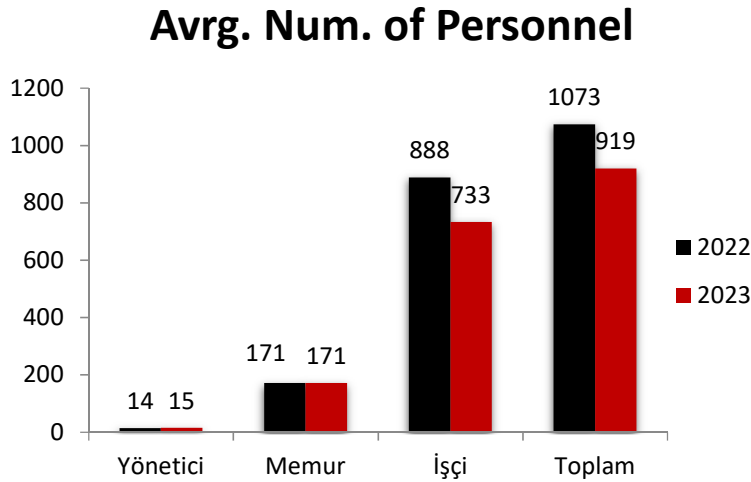


## i) Employees

In 2023, our average number of employees was 919 people. The average age of our employees is 35 and the average seniority is 7 years. 14% of our total staff is a bachelor's degree, 9% is a vocational school graduate, 40% is a high school graduate, and 37% is a primary school graduate. 8% of our administrative staff has a master's degree, 62% has a bachelor's degree, 14% has a vocational school degree, 12% has a high school degree and 4% has a primary school degree.

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

Average Number of employees	2022 Year	2023 Year
Manager	14	15
Officer	171	171
Worker	888	733
<b>Total</b>	<b>1.073</b>	<b>919</b>



## j) No business and competition with the Company

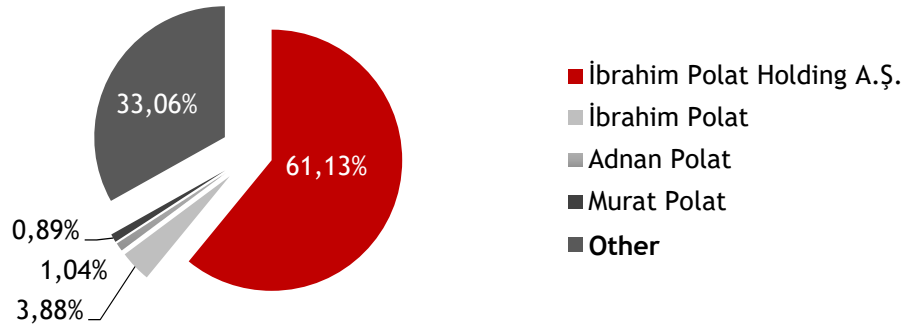
Chairman and members of the Board of Directors may not directly or indirectly carry out any business with the Company on their own or on others' behalf without obtaining permission from the General Meeting of Shareholders. Chairman and members of the Board of Directors have been authorized as per the Turkish Commercial Code by the General Meeting of Shareholders held on 09/06/2023. 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 2023.

## 4. Organization, Capital and Shareholding Structure of The Company

- a) Capital : 720.000.000.-TL.  
b) Registered Capital : 3.000.000.000.-TL.

Shareholders	Nominal (TL)	Share %
İbrahim Polat Holding A.Ş.	440.168.418	61,13%
İbrahim Polat	27.934.817	3,88%
Murat Polat	7.486.823	1,04%
Adnan Polat	6.394.443	0,89%
Diğer (Halka Açık)	238.015.498	33,06%
<b>Total</b>	<b>720.000.000</b>	<b>100%</b>

### Shareholding Structure of the Company



### c) Changes which occurred during the fiscal term

None.

### d) Information on privileged shares

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

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

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

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

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

### a) Shareholder Relations Function

The following people keep office in the Shareholder Relations Function:

#### **Aysel HATİPOĞLU**

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

#### **Mehmet BAŞTAŞ**

Financial Affairs Manager/Investor Relations  
Manager  
0232 878 17 00  
[mbastas@egeseramik.com](mailto:mbastas@egeseramik.com)

Aysel Hatipoğlu, as stated in the CMB's "Corporate Governance Communiqué No. II-17.1, holds the "Capital Market Activities

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

## 6. Shareholders

At the Ordinary General Assembly meeting held on 09.06.2023, it was decided to pay a gross monthly attendance fee of 20,000.-TL to the independent members of the Board of Directors.

Our senior managers are also provided with health and life insurance every year. 23,731,786.-TL wages, bonuses and similar payments were made to senior managers in 2023.

Advanced Level License-211906" and "Corporate Governance Rating Specialist License - 702380" and works as the Chief Financial Officer-CFO of the Parent Company İbrahim Polat Holding A.Ş.

Mehmet BAŞTAŞ, as stated in the CMB's "Corporate Governance Communiqué" numbered II-17.1, holds the "Capital Market Activities Level 1 License-523903" and works full-time as the Financial Affairs Manager in the Company. He is also a member of Ege Seramik Corporate Governance 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.

Investor Relations Department submits a report on the activities carried out at least once a year to be forwarded to the Board of Directors. The activity report for 2023 was presented at the Board of Directors meeting dated February 29, 2024.

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 01.01.2023-31.12.2023, 14 (Fourteen) applications were made to the Investor Relations Unit from shareholders and investor organizations through various communication channels and were answered by the unit.

## 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.

Ege Seramik AŞ shareholders contact our company by phone and e-mail and submit their information requests and questions. Almost all of the questions asked by investors are related to periodic profit, sales, capital increase, stock value and dividend distribution. Questions are answered based on publicly disclosed information.

In order to expand shareholders' right to information, up-to-date information, excluding confidential and trade secret information, is made available to shareholders on our company's website. Developments that will affect the exercise of shareholders' rights are announced in the form of special event disclosures on the Public Disclosure Platform (KAP).

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 2023.

## c) General Assembly Meetings

- An ordinary general assembly meeting was held in 2023. The Ordinary General Assembly Meeting of our company regarding its 2022 activities was held on 09 June 2023; Meeting

minutes have been made available for review by shareholders at our company's Central Registry Agency and on its website.

- 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](http://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.
- At the Ordinary General Assembly Meeting held on June 9, 2023, an agenda item regarding donations was added, and it was submitted to the information and approval of the partners that no donations were made in 2022. At the General Assembly, the Board of Directors was authorized up to an upper limit of 100,000.-TL (One Hundred Thousand Turkish Liras) for donations for 2023.

## 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](http://www.egeseramik.com).

According to our financial statements for the accounting period of 01.01.2022 - 31.12.2022, prepared by our company in accordance with the International Financial Reporting Standards within the framework of the provisions of the Capital Markets Board's Communiqué No. 14.1, Series: II, and audited by AS Independent Audit and YMM AŞ, 379,403,409 profit after tax was achieved.

In accordance with the decision of our Company's Board of Directors dated 10.05.2023 and numbered 2023/25; according to our financial statements for the accounting period of 01.01.2022 - 31.12.2022, prepared by our company within the framework of the provisions of the Capital Markets Board's Communiqué No. II 14.1, in accordance with the International Financial Reporting Standards and audited by AS Independent Audit and YMM AŞ, as a result of the separation of legal reserves and deduction of tax provisions, it was decided to propose that the profit of 366,174,795.-TL should not be distributed and transferred to the extraordinary reserves account, and it was accepted at the Ordinary General Assembly meeting of Partners held on 09.06.2023.

## 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 is available on KAP and on our company website. If shareholders request information, the Investor Relations Unit provides written or verbal information.

Our Company sent 58 (fifty-eight) 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 2023. 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.



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](http://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
- 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.

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

## 9. Research and Development Studies of the Company

The ceramics industry is among the sectors that require the most energy in terms of production processes. The effects of the energy crisis caused by the Russia-Ukraine war, which started in 2022, have negatively affected all types of business lines all over the world. The increases in natural gas in 2022, energy prices decreased slightly in 2023, and no significant increase in natural gas occurred in 2023. This situation has provided ceramic manufacturers with the opportunity to compete with their competitors around the world.

Our company obtains the electrical energy it requires from third parties through its natural gas power plant and supply agreements.

Within the scope of our studies on reducing the share of energy costs in production costs, carbon footprint and sustainability, solar power plant (SPP) feasibility studies have been completed and investment activities have started.

Another important detail is that, in order to reduce the negative impact of logistics prices, which have increased due to the inflation in fuel and spare parts prices, R&D activities have been completed to procure raw materials from locations close to our production site, and alternative material research has been carried out from mines in the immediate vicinity. By making changes in production recipes, cost increases due to freight have been disciplined. The latest technologies have begun to be used within the scope of R&D studies and maintenance activities for product recipe developments.

In light of developments in digital printing technology, new horizons have been opened in new product development. In this context, prototype R&D activities were accelerated and continuous cooperation was maintained with machinery and material supply companies.

Participation was made in the Riyadh Big 5 fair in Saudi Arabia in February 2023 and in the

Coverings fair held in Orlando / USA on 21 April 2023. Ege Seramik brands and products were presented to existing and potential customers. Intense interest and positive feedback have been received for the products.

The 2023 Autumn Collection, prepared between June and September 2023, was first introduced to the market at the Cersaie fair in Italy, and subsequently, promotional activities were introduced to the end consumer in digital channels and retail sales points.

At the Unicera Istanbul fair between 6-10 November 2023, the 2023 Autumn Collection was presented to our domestic and foreign customers and positive feedback was provided.

In addition to digital special material applications on the floors, stone and marble-looking ceramics with metal touches were offered to customers and positive feedback was provided.

Various events were organized in different cities in order to develop collaborations with professional chambers of architecture, contributing to increasing brand awareness.

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





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

Ege Seramik Sanayi ve Ticaret AŞ spent a total of 6,257,100 TL on modernization and renewal in 2023. Our company has rapidly started its modernization and GES investments, as it was shared on the public disclosure platform on 07.02.2024, and an application has been made to the TR Ministry of Commerce for an incentive certificate.

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

Our Company is audited as to the compliance of the operations and activities carried out with both legislation and company policies by the Auditing Committee and internal auditors.

Auditing Committee regularly meets and audits the company's financial statements and reports subject to/not subject to independent audit, inspects the balance sheet and profit-and-loss accounts, audits their compliance with the accounting principles and standards identified by CMB and submits them to the Board of Directors for approval.

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

Audits are performed by independent external auditors and the results thereof are directly reported to the senior management of the company. Remedies are sought for any reported problems through multi-directional communication, and policies established. Corporate Governance Committee; is responsible for early detection of risks that may endanger the existence, development

and continuity of the company, taking necessary measures for the identified risks and management of risk, and reviewing risk management systems at least once a year.

### c) Strategic Goals of the Company

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

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

	31 December 2023		31 December 2022	
	TL	%	TL	%
Ceramics Research Center	1.069.217	8,00	358.615	8,00
<b>Total</b>	<b>1.069.217</b>		<b>358.615</b>	

### 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 2023 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 2023 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 at the General Assembly have been fulfilled, and due to the effect of increasing costs, contraction in sales channels and production lines closed due to investments, the 2023 operating period fell behind both the previous year's financial results and the anticipated budget targets.

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

Our company made a donation and aid of 200 TL in 2023.

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

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

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

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

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

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

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

Our Company has prepared its Affiliation Report for year 2023 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.

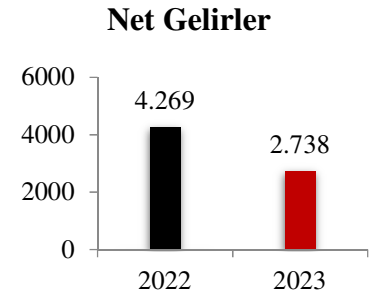
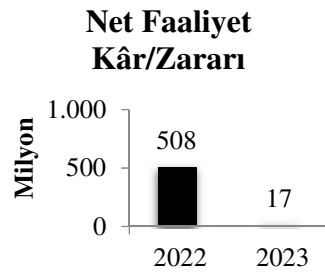
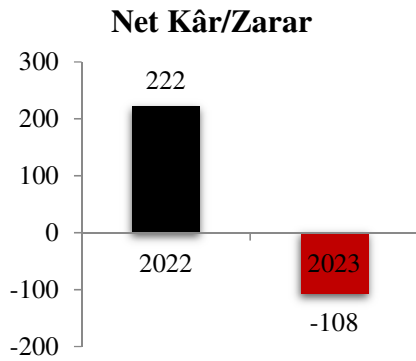
Accordingly, Ibrahim Polat Holding A.S., which is the holding company, has not caused any damages to its subsidiaries and affiliates due to the actions in question. As subsidiaries and affiliates have not incurred any damages, Board of Directors has not compensated for any damages.

## 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 2022	31 Dec 2023	%
Current Assets	2.062.723.302	1.955.602.237	(5,19%)
Fixed Assets	1.087.186.834	1.067.375.518	(1,82%)
Assets	3.149.910.136	3.022.977.754	(4,03%)
Short-Term Liabilities	1.194.503.949	722.563.804	(39,51%)
Long-Term Liabilities	129.064.016	82.358.771	(36,19%)
Share other than Parent Company	-	-	-
Capital Stock	1.826.342.171	2.218.055.177	21,45%
Liabilities	3.149.910.136	3.022.977.753	(4,03%)
Net working capital	868.219.353	1.233.038.433	42,02%

Condensed Income Statement (TRY)	31 Dec 2022	31 Dec 2023	%
Net Revenues	4.269.002.734	2.738.076.060	(35,86%)
Gross Profit	1.131.523.602	668.546.773	(40,92%)
Operating Profit	508.117.009	16.921.728	(96,67%)
Net Profit (-Loss)	221.618.570	-107.872.996	(148,68%)
EBITDA (FAVOK)	678.857.975	193.070.969	(71,56%)

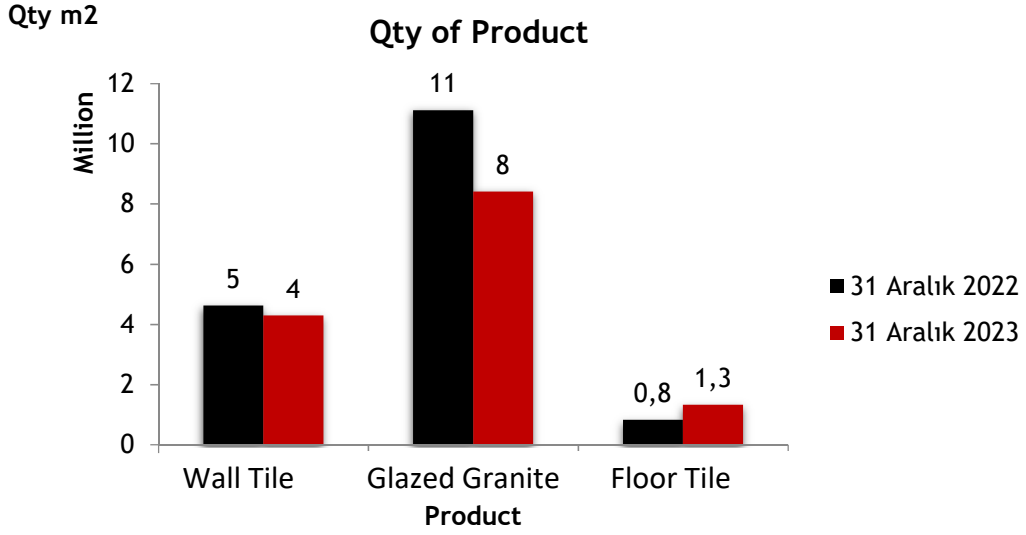


Financial Ratios	31 December 2022	31 December 2023	%
Current ratio	1,73	2,71	56,73%
Liquidity Ratio	0,96	1,23	27,82%
Gross Profit margin	26,51%	24,42%	(7,88%)
Operating Profit Margin	11,90%	0,62%	(94,81%)
Pre-tax Profit Margin	2,44%	-5,84%	(338,96%)
EBITDA (FAVOK) margin	15,90%	7,05%	(55,66%)

## 12. Production

The capacity utilization rate of our company Ege Seramik San ve Tic AŞ in 2023 is 60.36%. Our production amount decreased by (15.33%) compared to 2022 and reached 14,027,131 m<sup>2</sup>. Production amounts are given in the table below in comparison with the previous year.

Production (m <sup>2</sup> )	2022	2023	Inc/Dec	%
Wall Tile	4,624,773	4,296,283	(328,491)	(7,10%)
Glazed Granite	11,110,073	8,406,549	(2,703,524)	(24,33%)
Floor Tile	832,413	1,324,299	491,887	59,09%
<b>Total</b>	<b>16,567,259</b>	<b>14,027.131</b>	<b>(2,540.128)</b>	<b>(15,33%)</b>



## 13. Sales

According to the financial statements prepared in accordance with CMB's "Communiqué on Principles of Financial Reporting in the Capital Market" numbered II-14.1, our net sales revenues in 2022 increased by 109.31% compared to 2021, reaching 2,221,752.054 TL.

The sales amount decreased by 19.16% compared to the previous year and amounted to 16,899,967 m<sup>2</sup>. Our international sales decreased by 25.81% compared to 2021, and our domestic sales decreased by 9.93% compared to last year.

Sales (m <sup>2</sup> )	31.12.2022	31.12.2023	Difference	%
Domestic	7,882,782	6,372,618	(1,510,164)	(19,16%)
Abroad	9,017,185	5,710,484	(3,306,702)	(36,67%)
<b>Total</b>	<b>16,899,967</b>	<b>12,083,102</b>	<b>(4,816,865)</b>	<b>(28,50%)</b>

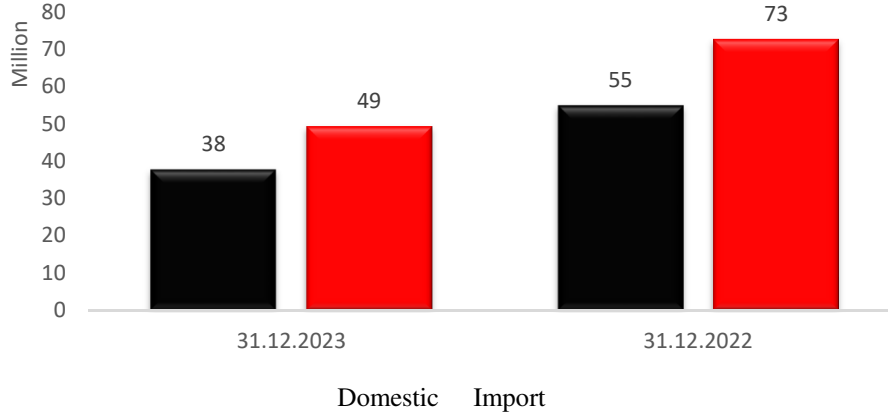
Net Revenues (TL)	31.12.2022	31.12.2023	Difference	%
Domestic	1,772,824,193	1,111,572,064	(661,252,129)	(37,30%)
Abroad	2,483,939,624	1,621,682,791	(862,256,833)	(34,71%)
<b>Total</b>	<b>4,256,763,817</b>	<b>2,733,254,855</b>	<b>(1,523,508,962)</b>	<b>(35,79%)</b>

Net Revenues (USD)	31.12.2022	31.12.2023	Difference	%
Domestic	54,981,116	37,706,364	(17,274,753)	(31,42%)
Abroad	72,673,759	49,309,119	(23,364,640)	(32,15%)
<b>Total</b>	<b>127,654,876</b>	<b>87,015,483</b>	<b>(40,639,393)</b>	<b>(31,84%)</b>

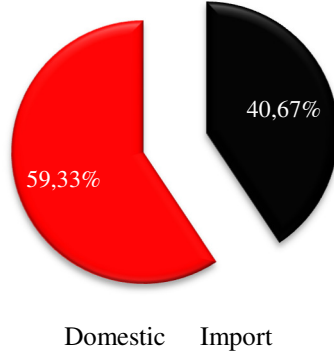
In 2023, our exports amounted to 49,309,119 USD.

The markets we operate in the highest volume abroad are the USA, Israel, England and Canada, respectively. Exports were made to 43 countries in 2023, and 88.02% of the total overseas revenues were obtained from the USA, Israel, England and Canada.

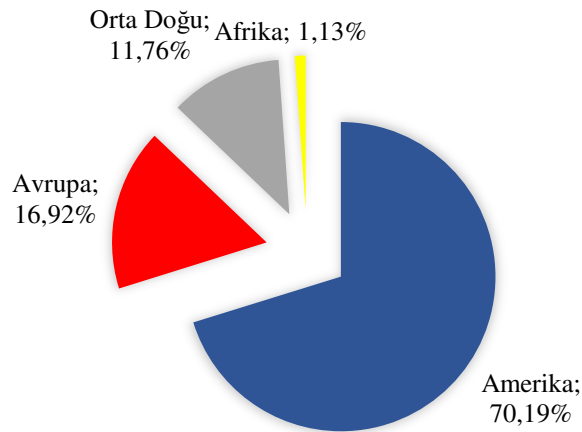
## Net Sales Revenues (\$)



## Distribution of Sales



## Regional Distribution of Abroad Sales





## 14. Developments in the Sector

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

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

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

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

Within the current data announced for ceramic coating materials, the largest producers are China, India, Brazil, Spain and Vietnam, while Turkey is the 9th largest producer. The largest exporting countries are China, Italy, Spain and India, and Türkiye has taken its place as 5th.

Production capacities in the ceramic tile group in Turkey have had a significant impact in favor of manufacturers operating in Turkey due to the anti-dumping and subsidies implemented by the United States against the People's Republic of China. In parallel with these developments, Turkish producers increased their export shares by commissioning their idle capacities or increasing their capacity. Products with high added value in the sector have positively affected the total market share and exports to developed countries have continued to increase.

In addition to these positive developments, an anti-dumping investigation was initiated by the European Union Commission against Turkish and Indian ceramic manufacturers. The final decision was announced by the commission on February 10, 2023. In the decision, It has been announced that precautions have been taken against dumping; 0% for Vitra Karo Sanayi ve Ticaret AS, which is within the scope of the investigation, 4.8% for Qua Granite ve Hayal Yapı Ürünleri San Tic AŞ, 4.8% for Bien Yapı Ürünleri San Tic AŞ, and 20.90% for Hitit Seramik Sanayi ve Ticaret AŞ. While the dumping rate was announced as 9.20% for companies operating in Turkey, including our Company, within the scope of the investigation, this rate was announced as 20.90% for companies that are out of scope. As a result of the decision, Turkish producers exporting to the European market will be negatively affected by this development and there will be a loss of market and customers.

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

energy is consumed intensively, is especially sensitive to natural gas prices.

Energy costs in ceramic production are up to 40-45% of the cost compared to ceramic sub-industry branches, since Türkiye is highly dependent on foreign energy production, it is affected by fluctuations in energy markets and exchange rates, compared to other major international producers, Türkiye is shown to be at a disadvantage in terms of cost competition, especially with developing country producers. In addition, increases in the exchange rate due to imported raw material input and high inflation are other pressure factors that increase the costs of companies and cause a decrease in profitability. Cost increases resulting from inflation could not be fully reflected in sales prices due to the contraction in demand.

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

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

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

In the past year 2023, both domestic and international ceramic coating materials industry recorded a decline in its activities, while a 39% decrease in exports was observed compared to the previous year, while the export amount decreased from 1,044 million dollars to 633 million dollars throughout the sector. Despite this negative development, our country, Turkey, continues its leadership in the Ceramic Tile Materials

sector with design, quality, branding and technology-oriented production.

(Source:[https://ccst.org.tr/Uploads/arastirmaRaporlari\\_view/ccisb-faaliyet-raporu-23-compressed.pdf](https://ccst.org.tr/Uploads/arastirmaRaporlari_view/ccisb-faaliyet-raporu-23-compressed.pdf))

According to the latest data announced for ceramic coating materials, the largest producers are China, India, Brazil, Spain and Vietnam, while Turkey is the 9th largest producer. The largest exporting countries are China, Italy, Spain and India, and Türkiye 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 issues that most affect the profitability of companies operating in the ceramics industry in Turkey are energy prices and imported inputs needed in the production process, in addition to these items, breaks in the supply chain, increasing freight prices and increases in commodity prices all over the world have also been added. The ceramic industry, where energy is consumed intensively, is especially sensitive to natural gas prices. Energy costs in ceramic production are up to 35-40% of the cost compared to ceramic sub-industry branches; since Türkiye is highly dependent on foreign energy production, it is affected by fluctuations in energy markets and exchange rates, compared to other large international producers, Türkiye may be at a disadvantage in terms of cost competition, especially with producers from developing countries..

Another important development that will affect the sector in 2023 and 2024 is the conflict between Israel and Palestine, which started on October 7, 2023. It is anticipated that the export potential to this geography will increase due to the conflicts that will negatively affect exports in the first place, and the subsequent reconstruction and the need for new housing supply after peace.

Due to the earthquake disaster that occurred on February 6, 2023, there was a need to build a large amount of new housing in the earthquake region and in the provinces where earthquake victims migrated. As a result of this, new housing supply and the resulting ceramic need have arisen in 2023, especially in the provinces affected by the earthquake.

In addition, due to the increase in loan interest rates and credit restrictions, the domestic market was particularly negatively affected by this situation, and decreases were observed in new housing supply and renovation and maintenance activities. The effect of the applied monetary policies and the desired contraction in demand on our sales has been significant. Unfortunately, similar negative effects of inflation experienced in our country are also experienced around the world. Increasing interest rates negatively affect consumers, and this causes the postponement of requirements such as new housing

purchases, renovations, renovations and maintenance.



## 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 decisive position in 2023, reflecting both global trends and directing ceramic trends in the domestic market. The influence of fashion and changes in the industry can be closely monitored in Ege Seramik's product portfolio. The brand promise was revealed again with its decisive and strong position at the 2023 Unicera Fair.

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

### b) Marketing and Publicity Studies

In 2023, emphasis was placed on promotional activities that will reveal the different and superior aspects of the Ege Seramik brand and its products. With the aim of developing sales points for retail consumers, architectural service activities were intensified and contribution was made to

increasing the number of qualified sales points.

A marketing strategy was developed accordingly, taking into account the portfolio characteristics and strengths, and communication was provided through social media and all other digital channels throughout the year. By developing collaborations with professional chambers and universities, access to the professional audience and brand awareness have been increased. Product development activities were directed by examining the demand and development of the market.

In 2023, in addition to domestic and international fairs with regular participation abroad, fair participation was provided in order to reach new geographies, introduce our brand and evaluate the market on site. On the occasion of the 100th anniversary of our Republic, a 100th Anniversary communication campaign was planned and announcements were made in print, digital, outdoor advertisements and a wide variety of media.

### 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.

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

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

### Greenguard



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

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

### Green Squared



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

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

### Environmental Product Declaration



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

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

### SASO Quality Mark



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

carried out by companies authorized by the Saudi Arabian Standard Organization (SASO).

## **Awards**

### **Award from Aegean Region Chamber of Industry**

As Ege Seramik, our company ranked 41st among the 100 largest industrial enterprises in the Aegean Region, according to the "2020 EBSO 100 Largest Industrial Enterprises Research by Production to Sales" by the Aegean Region Chamber of Industry (EBSO).

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

In the evaluation made by the Cement, Glass, Ceramics and Soil Products Exporters' Association, our company was awarded as the "3rd Company with the Most Exports" in the category of "Export Champions of the Year 2022 - Ceramic Tile Materials".

### **Istanbul Chamber of Industry Award**

According to the "ISO Turkey's 500 Largest Industrial Enterprises Research" within the scope of Istanbul Chamber of Industry for 2022, our company took its place as 472nd among the 1,500 largest industrial enterprises according to the sales from production criterion.

### **Izmir Chamber of Commerce Award**

In the evaluation made by the Izmir Chamber of Commerce, our company was awarded the Gold Medal for its contributions and successes to the country's economy by declaring high commercial profits in 2021-2022, and for its outstanding efforts and successes in foreign exchange earning services.

### **Brand Finance - Turkey's 100 Most Valuable Brands Research**

The "Turkey's Most Valuable Brands-Turkey 100" research, which has been carried out by Brand Finance for 17 years in line with the ISO10668 standard, has been published. Ege Seramik has once again taken its place in the

list of "Turkey's most valuable brands" as the only brand in the ceramics industry.

## **- Certificates**

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

- **TS ISO/IEC 27001 Information Security Management System**
- **TS EN ISO 9001 (TSE -Turkey), DIN EN ISO 9001 (DQS-Germany) Quality Management System**
- **TS EN ISO 9001 Certified by IQ Net**
- **TS EN ISO 14001 Environmental Management System**
- **TS EN ISO 14001 Certified by IQ Net**
- **EN ISO 50001 Energy Management System**
- **ISO 17889 Standard**
- **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) Our Business Partners

Ege Seramik continued its sales activities through 12 sales regions and construction market channels in the country in 2023. Cooperation was carried out with an average of 140 authorized dealers throughout Türkiye.

Care has been taken to ensure that the authorized dealers included in the organization are in a structure that allows common goals to be achieved in line with the determined marketing strategies and can provide qualified products and services to the end user.

In the construction market channel, work continued with Turkey's 2 leading construction markets, and sales activities of our products were provided at 52 sales points. Our corporate customer collaborations for the use of our products in the sales, service and service areas of corporate brands continued to increase in 2023.

Our company has been successfully continuing its export activities for more than 40 years. Meticulously carried out quality activities, certifications, and being the first Turkish ceramic company to have the "Authorized Economic Operator" status, which provides certain conveniences and privileges in foreign trade transactions only to reliable companies, contribute to the success of export activities carried out for many years.

Offering product solutions suitable for all interior and exterior spaces with the rich size and pattern color scale of its product portfolio, Ege Seramik can easily serve specialized demands in all geographies with its flexible production capability.



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

Ege Seramik is a company that carries out all its processes meticulously from the first stage of production to delivery to the customer and has quality certificates in all the countries it exports to, as well as domestically. It is also the first Turkish ceramic company to have the "Authorized Economic Operator" status, which provides certain conveniences and privileges in foreign trade transactions only to reliable companies.

Ege Seramik offers product solutions suitable for all interior and exterior spaces, from small to large, with its wide color range in its rich product portfolio, as well as a variety of sizes and patterns, so that it can easily and quickly respond to the tastes and needs of different countries. Thanks to its ability to appeal to such a wide range, it has exported Ege Seramik branded products to customers in more than 90 countries in the last 10 years and continues to do so.

## 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 within the framework of Corporate Governance Principles for the representation of stakeholders on the board of directors. Stakeholders' participation in management is provided through tools such as internal suggestions and surveys. Practices regarding working conditions and rights provided to employees are established by agreement reached as a result of negotiations with the labor union. An open-door principle

has been adopted to convey internal suggestions 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](http://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](http://www.egeseramik.com). In this context, applications at our Company are as follows;

### ISO 9001 Quality Management System

Ege Seramik holds the TS EN ISO 9001 (TSE-Turkey), DIN EN ISO 9001 (DQS-Germany) Quality System Certificates awarded to those corporations, achieving international quality in design, product development, production, facility and service. It has been maintaining and

continuously improving its applications since 1994 and is the very first corporation receiving the ISO 9001 certificate in the Turkish ceramic sector.

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

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

### ISO/IEC 27001 Information Security

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

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

### Environmental-Occupational Health and Safety Management System

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

By revision of ISO 14001 Standards; Ege Seramik San. ve Tic. A.S. has entitled to obtain TS EN ISO 14001:2015 Certificate as being the final version of the standard subsequent to audit performed by TSE in 2017.

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

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

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

recycling and those which may not be recycled are disposed through legal ways.

## e) General Information Security Policy

We, Ege Seramik Sanayi ve Ticaret A.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 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

In Article 6 of the Company titled Capital, the registered capital ceiling has been increased from 150,000,000 TL (One Hundred and Fifty Million Turkish Liras) to 3,000,000,000 TL, and its issued capital was increased from 75,000,000 TL (Seventy-five million Turkish Liras) to 360,000,000 TL (Three Hundred and Sixty Million Turkish Liras). Additionally, Article 7 titled Share Transfers has been added. The changes in question were registered by the Izmir Trade Registry Office and published in the Turkish Trade Registry Gazette dated 16 June 2023 and numbered 10854.

## 18. Related Party Transactions in the Year 2023 and Forecasting Report on Widespread and Continuous Related Party Transactions in the Year 2024

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

The main activity of Ege Seramik Sanayi ve Ticaret A.Ş. is the manufacturing and sales of floor and wall tiles. The sales amount of the

company from all its activities in the period 01.01.2023 - 31.12.2023 is 2.176.227.471.-TL.

The analysis of our related party sales, which covers 39% of our total sales of 2,176,227,471.-TL, is given in the relevant report, in 2023 (Domestic Sales 885.734.685.-TL. + International Sales 1.271.048.081.-TL. + Other Income 19.444.704.-TL.).

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.

In accordance with Article 10 titled "Common and Continuous Transactions with Related Parties" of the Capital Markets Board's (CMB) Corporate Governance Communiqué numbered II-17.1, which came into force by being published in the Official Gazette numbered 28871 dated January 3, 2014;

As a financial sales and purchasing forecast for 2024 in the light of our company's 2023 data, within the scope of the Common and Continuous Related Party Transactions Report, the amount of the common and continuous transactions to be made with its related companies Ege Seramik America INC. within an accounting period, and as included in the annual financial statements disclosed to the public in accordance with the board regulations;

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 2023 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 2023 Profit

Our Board of Directors has not yet taken a decision regarding the distribution of the distributable profit for the period, which will remain after the tax and general legal reserves, which are formed according to the financial statements of our company dated 31.12.2023; the matters that have been decided will be announced to the public simultaneously via the Public Disclosure Platform (KAP).

## 20. Independent Audit Report

It is published on the Public Disclosure Platform, MKK e-Company and [www.egeseramik.com](http://www.egeseramik.com) web address.

## 21. Financial Statements and Footnotes

It is published on the Public Disclosure Platform, MKK e-Company and [www.egeseramik.com](http://www.egeseramik.com) web address.

## 22. Declaration of Compliance with Corporate Governance Principles of 2023

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

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

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

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

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

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

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

In addition, the "Nomination Committee" and the "Remuneration Committee" obligations under Article 4.5.1 of the Communiqué are

undertaken by the "Corporate Governance Committee"; and in Article 4.5.5 of the Communiqué, "although the recommendation that a member of the board of directors should not be included in more than one committee, is paid attention to comply with, due to the business expertise required by the committee membership, a member of the Board of Directors may become a member of more than one committee."

In order to comply with the principles in the next period; necessary work shall be carried out by taking into account the regulations and practices of the CMB Corporate Governance Communiqué numbered II-17.1 and published in the Official Gazette on 3 January 2014 by the Capital Markets Board.

#### - **2023 Corporate Governance Compliance Report**

2023 Corporate Governance Compliance Report is published on the Public Disclosure Platform and [www.egeseramik.com](http://www.egeseramik.com) website in addition to the 2023 Annual Report

#### - **2023 Corporate Governance Information Form**

2023 Corporate Governance Compliance Report is published on the Public Disclosure Platform and [www.egeseramik.com](http://www.egeseramik.com) website in addition to the 2023 Annual Report.

#### - **2023 Sustainability Compliance Report**

The 2023 Corporate Governance Information Form is published as an annex to the 2023 Annual Report, on the Public Disclosure Platform and on the website [www.egeseramik.com](http://www.egeseramik.com).

## 23. Events After the Reporting Period

In accordance with the decision of our company's board of directors dated 06.11.2023 and numbered 2023/42;

- Based on the authority given to our Board of Directors by Article 6 of the Articles of Association, to increase our issued capital from 360,000,000,-TL (Three Hundred and Sixty Million Turkish Liras) to 720,000,000,-TL (Seven Hundred and Twenty Million Turkish

Liras) within the registered capital ceiling of 3,000,000,000,-TL (Three Billion Turkish Liras),

- All of the increased shares amounting to 360,000,000 TL (Three Hundred and Sixty Million Turkish Liras) will be increased in cash, without restricting our partners' rights to purchase new shares,

-Regarding the 36,000,000,000 Group (C) bearer non-privileged shares to be issued to represent the increased capital with a nominal value of 360,000,000,- TL (Three Hundred and Sixty Million Turkish Liras), it has been decided to issue it as registered shares, traded on Borsa Istanbul AŞ (Borsa) and within the framework of the regulations of the Capital Markets Board (Board) and Central Registry Agency AŞ (MKG) regarding dematerialization.

The processes regarding the capital increase transactions have been completed and published in the Turkish Trade Registry Gazette dated 05.02.2024 and numbered 11015. The issued capital of our company has reached 720,000,000 TL.



