

**EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**(CONVENIENCE TRANSLATION INTO ENGLISH -
THE TURKISH TEXT IS AUTHORITATIVE)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ
AND ITS SUBSIDIARY**

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2023**

CONTENTS	PAGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1-3
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME	4-5
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	6
CONSOLIDATED STATEMENTS OF CASH FLOW.....	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8-69
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	8
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9-32
NOTE 3 RELATED PARTY DISCLOSURES	32-35
NOTE 4 CASH AND CASH EQUIVALENTS.....	36
NOTE 5 TRADE RECEIVABLES AND PAYABLES	36-38
NOTE 6 INVENTORIES	38
NOTE 7 PREPAID EXPENSES	39
NOTE 8 OTHER ASSETS AND LIABILITIES	39
NOTE 9 PROPERTY, PLANT AND EQUIPMENT.....	40-42
NOTE 10 RIGHT OF USE ASSETS.....	43
NOTE 11 BORROWINGS AND BORROWING COSTS.....	44-47
NOTE 12 EMPLOYEE BENEFITS	47-48
NOTE 13 DEFERRED REVENUE.....	49
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	49-51
NOTE 15 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	51-53
NOTE 16 REVENUE AND COST OF SALES	53
NOTE 17 EXPENSES BY NATURE.....	54
NOTE 18 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES.....	54
NOTE 19 OTHER OPERATING INCOME AND EXPENSES.....	54-55
NOTE 20 INCOME FROM INVESTMENT ACTIVITIES	55
NOTE 21 FINANCIAL INCOME AND EXPENSES	55
NOTE 22 NON-CURRENT ASSETS HELD FOR SALE.....	56
NOTE 23 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES).....	56-59
NOTE 24 EARNINGS PER SHARE.....	59-60
NOTE 25 NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS	60-66
NOTE 26 FINANCIAL INSTRUMENTS (FAIR VALUE FINANCIAL AND RISK MANAGEMENT DISCLOSURES	67-68
NOTE 27 EVENTS AFTER THE REPORTING PERIOD.....	68
NOTE 28 FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDITOR/INDEPENDENT AUDIT AGENCY	69

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EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2023	31 December 2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	803,819,714	668,532,655
Trade Receivables		2,844,643,408	3,217,576,233
- Trade Receivables From Related Parties	3	344,233,646	643,964,895
- Trade Receivables From Third Parties	5	2,500,409,762	2,573,611,338
Other Receivables		236,655,385	7,317,949
- Other receivables due from related parties	3	230,000,000	-
- Other Receivables From Third Parties		6,655,385	7,317,949
Inventories	6	803,530,110	872,728,841
Prepaid Expenses	7	29,812,443	60,001,421
Other Current Assets	8	63,853,496	59,718,001
SUBTOTAL		4,782,314,556	4,885,875,100
Non-Current Assets Held For Sale	22	271,740,100	279,923,976
TOTAL CURRENT ASSETS		5,054,054,656	5,165,799,076
NON - CURRENT ASSETS			
Other Receivables		315,194	347,671
- Other Receivables From Third Parties		315,194	347,671
Property, Plant and Equipment	9	3,864,057,758	3,194,801,450
Right of Use Assets	10	96,047,015	115,106,919
Intangible Assets		99,958,396	101,924,393
Prepaid Expenses		94,458,840	75,759,419
- Prepaid expenses due from related parties	3	35,407,484	-
- Prepaid expenses due from third parties	7	59,051,356	75,759,419
TOTAL NON - CURRENT ASSETS		4,154,837,203	3,487,939,852
TOTAL ASSETS		9,208,891,859	8,653,738,928

The accompanying notes are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2023	31 December 2022
LIABILITIES			
SHORT-TERM LIABILITIES			
Short-Term Borrowings	11	105,850,000	50,677,350
Short-Term Portion of			
Long-Term Borrowings	11	41,182,723	59,210,746
Leasing Liabilities	11	35,785,577	34,703,971
Trade Payables		1,968,665,764	1,972,254,119
- Trade Payables to Related Parties	3	122,355,474	52,377,889
- Trade Payables to Third Parties	5	1,846,310,290	1,919,876,230
Payables Due to Employee Benefits	12	64,858,007	41,364,018
Derivative Instruments	14	11,958,441	4,129,521
Deferred Income	13	1,549,030,266	1,471,782,873
Short-Term Provisions		36,226,978	38,361,029
- Other Short-Term Provisions	14	36,226,978	38,361,029
Current income tax liabilities	23	25,711,355	105,182,916
Other Short-Term Provisions	8	87,303,677	23,970,711
TOTAL SHORT-TERM LIABILITIES		3,926,572,788	3,801,637,254
LONG-TERM LIABILITIES			
Long-Term Borrowings	11	131,590,763	256,367,553
Leasing Liabilities	11	52,996,105	67,492,874
Long-Term Provisions			
- Long-Term Provisions for Employee Benefits	12	110,571,422	135,948,429
Deferred Tax Liabilities	23	447,529,317	416,691,813
TOTAL LONG-TERM LIABILITIES		742,687,607	876,500,669
TOTAL LIABILITIES		4,669,260,395	4,678,137,923

The accompanying notes are an integral part of these consolidated financial statements.

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EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i>	<i>Audited</i>
	Notes	31 December 2023	31 December 2022
EQUITY			
Equity Attributable to Owners of the Parent Company			
Paid in Capital	15	80,980,793	80,980,793
Adjustments to Share Capital	15	1,025,537,409	1,025,537,409
Share Premium		522,207	522,207
Repurchased shares (-)	15	(21,980,540)	-
Other Comprehensive Income/Expenses not to Be Reclassified to Profit or Loss			
Other Comprehensive Income/Expenses not to ...be Reclassified to Profit or Loss		1,216,594,437	463,786,908
- Revaluation of Property, Plant and Equipment	9	1,314,408,600	533,530,583
- Actuarial Losses Arising From Defined Benefit Plans		(97,814,163)	(69,743,675)
Other Comprehensive Income/ (Losses) to be Reclassified to Profit or Losses		(36,854,928)	(2,017,467)
- Foreign Currency Translation Differences		(36,854,928)	(2,017,467)
Restricted Reserves	15	276,129,284	242,476,372
Advances on Dividends Paid	15	(339,325,979)	(206,825,109)
Retained Earnings		1,833,875,840	2,106,247,206
Net Profit for the Year		504,152,941	264,892,686
TOTAL EQUITY		4,539,631,464	3,975,601,005
TOTAL LIABILITIES AND EQUITY		9,208,891,859	8,653,738,928

The accompanying notes are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIODS**

1 JANUARY - 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	<i>Audited</i> 1 January - 31 December 2023	<i>Audited</i> 1 January - 31 December 2022
PROFIT OR LOSS			
Revenue	16	9,321,076,542	9,434,612,168
Cost of Sales (-)	16	(5,786,558,115)	(6,922,983,847)
GROSS PROFIT		3,534,518,427	2,511,628,321
General Administrative Expenses (-)	18	(489,526,879)	(466,122,517)
Marketing Expenses (-)	18	(877,988,736)	(735,177,507)
Research and Development Expenses (-)		(14,354,926)	(12,329,236)
Other Operating Income	19	358,065,357	365,758,692
Other Operating Expenses (-)	19	(566,942,511)	(609,553,049)
OPERATING PROFIT		1,943,770,732	1,054,204,704
Income from Investment Activities	20	169,927,932	97,876,585
Expenses from investing activities (-)		(2,454,917)	(53,592,594)
OPERATING PROFIT/(LOSS) BEFORE FINANCIAL (EXPENSE)/ INCOME		2,111,243,747	1,098,488,695
Financial Income	21	290,590,360	293,098,728
Financial Expenses (-)	21	(197,370,991)	(248,748,922)
Net monetary gains/(losses)		(1,107,173,700)	(387,109,018)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1,097,289,416	755,729,483
Tax Expense from Continuing Operations		(593,136,475)	(490,836,797)
- Tax Expense for the Period	23	(384,651,488)	(365,900,863)
- Deferred Tax (Expense)/Income	23	(208,484,987)	(124,935,934)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		504,152,941	264,892,686
NET PROFIT FOR THE PERIOD		504,152,941	264,892,686
Profit for the Period Attributable to			
- Non-Controlling Interest		-	-
- Parent Company Shares		504,152,941	264,892,686
Earnings per Share		0.0623	0.0327
- Earnings per 1 Share with a Nominal Value of 1 Kr from Continuing Operations	24	0.0623	0.0327

The accompanying notes are an integral part of these consolidated financial statements.

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EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIODS**

1 JANUARY - 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

		<i>Audited</i> 1 January - 31 December 2023	<i>Audited</i> 1 January - 31 December 2022
	Notes		
PROFIT FOR THE YEAR		504,152,941	264,892,686
OTHER COMPREHENSIVE INCOME			
To be Reclassified to Profit or Loss		(34,837,461)	(4,383,087)
Change in Foreign Currency Translation Differences		(34,837,461)	(4,383,087)
Not to be Reclassified to Profit or Loss		763,963,690	463,786,908
Actuarial Loss Arising from Remeasurement of Defined Benefit Plans	12	(37,427,317)	(87,179,594)
Actuarial Loss Arising from Remeasurement of Defined Benefit Plans, Tax Effect		9,356,829	17,435,919
Revaluation of Property, Plant and Equipment	9	619,507,851	647,043,101
Revaluation of Property, Plant and Equipment Tax Effect	9	172,526,327	(113,512,518)
OTHER COMPREHENSIVE INCOME		729,126,229	459,403,821
TOTAL COMPREHENSIVE INCOME		1,233,279,170	724,296,507
Total Comprehensive Income Attributable to:			
Parent Company Shares		1,233,279,170	724,296,507
Non-Controlling Interest		-	-

The accompanying notes are an integral part of these consolidated financial statements.

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EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS
1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in Capital	Adjustment to Share Capital	Share Premiums	Repurchased shares (-)	Not to be To be Reclassified Profit or Loss		Reclassified Profit or Loss		Advances on Dividends Paid	Restricted Reserves	Retained Earnings	Net Profit for the Year	Equity Attributable to Owners of the Parent Company	Non Controlling Interests	Total Equity
					Actuarial Losses Arising From Defined Benefit Plans	Revaluation of Property Plant and Equipment	Foreign Currency Translation Differences								
1 January 2022	80,980,793	1,025,537,409	522,207	-	-	-	2,365,620	-	-	231,221,836	2,230,468,260	-	3,571,096,125	-	3,571,096,125
Transfers	-	-	-	-	-	-	-	-	-	11,254,536	(11,254,536)	-	-	-	-
Total comprehensive income	-	-	-	-	(69,743,675)	533,530,583	(4,383,087)	-	-	-	-	264,892,686	724,296,507	-	724,296,507
- Other comprehensive income	-	-	-	-	(69,743,675)	533,530,583	(4,383,087)	-	-	-	-	-	459,403,821	-	459,403,821
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	264,892,686	264,892,686	-	264,892,686
Dividends paid	-	-	-	-	-	-	-	(206,825,109)	-	(112,966,518)	-	-	(319,791,627)	-	(319,791,627)
31 December 2022	80,980,793	1,025,537,409	522,207	-	(69,743,675)	533,530,583	(2,017,467)	(206,825,109)	242,476,372	2,106,247,206	264,892,686	3,975,601,005	-	3,975,601,005	
1 January 2023	80,980,793	1,025,537,409	522,207	-	(69,743,675)	533,530,583	(2,017,467)	(206,825,109)	242,476,372	2,106,247,206	264,892,686	3,975,601,005	-	3,975,601,005	
Transfers	-	-	-	(11,156,161)	-	-	11,672,372	264,376,475	(264,892,686)	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(28,070,488)	792,034,178	(34,837,461)	-	-	-	-	504,152,941	1,233,279,170	-	1,233,279,170
- Other comprehensive income	-	-	-	-	(28,070,488)	792,034,178	(34,837,461)	-	-	-	-	-	729,126,229	-	729,126,229
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	504,152,941	504,152,941	-	504,152,941
Share buyback transactions	-	-	-	(21,980,540)	-	-	-	-	-	21,980,540	(21,980,540)	-	(21,980,540)	-	(21,980,540)
Dividends paid	-	-	-	-	-	-	(132,500,870)	-	-	(514,767,301)	-	(647,268,171)	(647,268,171)	-	(647,268,171)
31 December 2023	80,980,793	1,025,537,409	522,207	(21,980,540)	(97,814,163)	1,314,408,600	(36,854,928)	(339,325,979)	276,129,284	1,833,875,840	504,152,941	4,539,631,464	-	4,539,631,464	

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**EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS
1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	<i>Audited</i> 1 January - 31 December 2023	<i>Audited</i> 1 January - 31 December 2022
A. Cash flows from operating activities:		1,101,220,200	452,429,385
Net Profit For the Period (I)		504,152,941	264,892,686
Adjustments to Reconcile Net Profit (II)		518,495,338	947,539,445
Adjustments related to depreciation and amortization expense	17	263,701,101	256,799,722
Adjustments for tax income/(losses)	23	593,136,475	490,836,797
Adjustments for losses (gains) from disposal of fixed assets		(33,156,334)	(35,807,048)
Adjustments for unrealized foreign currency translation differences		(172,637,970)	(53,386,287)
Adjustments related to impairment for inventories	6	5,953,193	16,020,821
Adjustments related to impairment for receivables	5	63,639,945	38,085,166
Adjustments for provision employee benefits		54,267,907	47,499,116
Adjustments for provision legal cases	14	(1,444,529)	2,382,148
Adjustments related to provisions for guarantees		(689,522)	4,789,438
Adjustments for interest income	20	(93,016,812)	(62,069,537)
Adjustments for interest expense	21	42,124,803	65,677,838
Adjustments related to the fair earnings of derivative financial instruments		(86,130,304)	(83,798,012)
Monetary (gains) / losses		(117,252,615)	260,509,283
Changes in working capital (III)		661,951,603	(463,955,934)
Adjustments related to increase in inventory		63,245,538	142,111,456
Adjustments related to increase in trade receivables		436,556,643	1,492,663,715
Adjustments related to changes in short-term paid expenses		30,188,978	(61,603,618)
Adjustments for increase in trade payables		103,222,646	(1,323,263,572)
Adjustments for (decrease) / increase in other receivables related to operations		(135,336,550)	931,755
Adjustments for (decrease) / increase in other payables related to operations		164,074,348	(714,795,670)
Cash flows from operating activities (I+II+III)		1,684,599,882	748,476,197
Taxes paid	23	(513,516,627)	(278,995,059)
Payments related with provisions for employee benefits	12	(66,817,791)	(9,753,777)
Collections from doubtful trade receivables	5	(3,045,264)	(7,297,976)
B. Cash flows from investing activities		(180,227,545)	(232,079,021)
Cash outflow from purchase of property, plant, equipment and intangible assets		(295,830,473)	(337,860,486)
Cash inflow from sales of property, plant and equipment and intangible assets		33,101,661	38,167,397
Cash advances and debts given	7	(18,699,421)	8,378,622
Interest received		93,016,812	62,069,537
Cash inflows from the sale of fixed assets classified for sale	22	15,284,794	14,431,959
Cash outflows from the sale of fixed assets classified for sale	22	(7,100,918)	(17,266,050)
C. Cash flows from financing activities		(584,144,422)	(493,603,098)
Cash outflows from purchase of the entity's own shares		(21,980,540)	-
Cash inflow from proceeds from borrowings	11	130,415,421	204,993,213
Cash outflow from payments of borrowings	11	(73,649,639)	(468,626,466)
Interest paid		(47,936,579)	(47,765,747)
Dividends paid		(647,268,171)	(319,791,627)
Cash outflow/(inflows) from derivative instruments, net		93,959,224	154,294,335
Cash outflows related to debt payments arising from lease agreements		(17,684,138)	(16,706,806)
D. Net increase in cash and cash equivalents before foreign currency translation differences (A+B+C)		336,848,233	(273,252,734)
E. Effect of currency translation differences on cash and cash equivalents		61,241,789	2,510,008
Net increase in cash and cash equivalents (D+E)		398,090,022	(270,742,726)
Cash and cash equivalents at the beginning of the period	4	668,532,655	1,542,943,887
Monetary loss/gain impact on cash and cash equivalents		(262,802,963)	(603,668,506)
Cash and cash equivalents at the end of the period (*)	4	803,819,714	668,532,655

(*) The Group's cash and cash equivalents as of December 31, 2023 include blocked qualified deposits in the amount of TRY34,551,596(Note 4).

The accompanying notes are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Ege Profil Ticaret ve Sanayi Anonim Şirketi ("the Company" or "Ege Profil") was established in 1981 with the title Namık Mazhar Zorlu and Oğulları Plastik Profil Sanayi Kollektif Şirketi. It took its current form with a change of title in 1982. The main activity of the Company is the production and sales of all kinds of plastic pipes and spare parts, and all kinds of profiles and plastic goods.

As of 31 December 2023, 12.09% of the Company shares are traded on the Istanbul Stock Exchange ("BIST") (31 December 2022: 12.09%). Deceuninck NV, which has 87.32% (31 December 2022: 87.91%) shares of the Company as of 31 December 2023, is the main shareholder of the Company (Note 15).

In June 2017, 87.60% of Deceuninck NV's shares in Pimaş A.Ş. were purchased by Ege Profil, and in August 2017 all assets and liabilities of Pimaş A.Ş. were taken over as a whole. It was decided to merge and the process was completed on 25 December 2017.

The Company carries out sales activities under Egepen Deceuninck brand produced in its facilities located in Menemen Plastik Specialized Organized Industrial Zone and under Pimapen and Winsa brands produced in its facilities in Kartepe/Kocaeli. In addition to the operations in Turkey, the Company makes sales through its subsidiary in branch and subsidiary located in India. Majority of the Company's ultimate customers are operating in the construction industry.

The details of the Company's subsidiaries are given below:

Subsidiaries	Stock Exchange Transactions	Types of Activity	Main Operations
Deceuninck Profiles India Pvt Limited ("Deceuninck Hindistan")	Not listed.	Profile Sale	Plastic Pipes, profile, marketing/ distribution, lamination

As of 31 December 2023 and 31 December 2022, the number of personnel by category is as follows:

	31 December 2023	31 December 2022
Administrative	323	324
Manufacture	901	828
	1,224	1,152

Approval of consolidated financial statements:

These consolidated financial statements have been approved for issue by the Board of Directors of Ege Profil Ticaret ve Sanayi Anonim Şirketi on 8 April 2024. General Assembly and specified regulatory bodies have the right to make amendments after statutory consolidated financial statements issued.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial reporting standards applied

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards.

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by the POA on 4 October 2022 and the Financial Table Examples and User Guide published by the CMB.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. Consolidated subsidiaries registered in India have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries they operate, and have prepared the legal records by reflecting the necessary corrections and classifications in order to make correct presentation in accordance with TFRS.

Consolidated financial statements have been prepared on the basis of historical cost, excluding land and plots and buildings from the tangible fixed assets group shown at their fair values, and financial assets and liabilities carried at their fair values, on the basis of historical cost, reflecting the necessary adjustments and classifications to the legal records in order to make an accurate presentation in accordance with TFRS.

Financial Reporting in High-Inflation Economies

The Group has prepared its consolidated financial statements for the year dated 31 December 2023 and ending on the same date, by applying TAS 29 "Financial Reporting in High Inflation Economies" Standard, based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies" published. . In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and prior period financial statements are expressed in terms of the current measurement unit at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements dated 31 December 2022 on the purchasing power basis as of 31 December 2023.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, TMS 29, starting from the annual financial reports of issuers and capital market institutions subject to the CMB financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards, for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying the provisions.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of Presentation (Continued)

2.1.1 Financial reporting standards applied (Continued)

Financial Reporting in High-Inflation Economies (Continued)

The rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of consolidated financial statements are as follows:

Date	Index	Correction Coefficient	Three-Year Compound Inflation Rate
31 December 2023	1,859.38	1.00000	268%
31 December 2022	1,128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

The main elements of the Group's adjustment for financial reporting purposes in high-inflation economies are as follows:

- The current period consolidated financial statements prepared in TL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.
- The Group measures lands, land improvements and buildings at their fair values within the framework of its revaluation policy. As part of the transitional provisions in TMS 29, the relevant revaluation funds accounted for under equity have been reclassified to retained earnings as of 1 January 2021.

**2.2 Changes in Accounting Policies, Comparative Information and Correction of Previous
Period Financial Statements**

December January 2023 The accounting policies adopted in the preparation of the consolidated financial statements for the period ended 31 December 2023 have been applied in accordance with the new and amended Turkish Accounting Standards ("TAS")/IFRS and TAS/IFRS interpretations valid as of January 1, 2023, summarized below. The effects of these standards and interpretations on the financial situation and performance of the Group are explained in the relevant paragraphs.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**2.2 Changes in Accounting Policies, Correction of Previous Period Financial Statements
(Continued)**

2.2.1 Amendments in Turkish Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2023 :

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TMS 12, International tax reform-Second Pillar Model Rules;** The temporary exception is effective for year-end December 2023, with disclosure requirements applicable to accounting periods beginning January 1, 2023, with early application permitted. These amendments clarify that IAS 12 will apply to income data arising from tax laws that have entered into force or are almost certain to enter into force for the purpose of implementing the Second Pillar Model Rules published by the Organization for Economic Co-operation and Development (OECD). These changes also impose certain disclosure provisions for businesses affected by such tax laws. The exception stating that information about deferred taxes within this scope will not be recognized and disclosed, and the disclosure provision stating that the exemption has been applied, will be implemented with the publication of the amendment. However, certain disclosure provisions introduced by the amendment are not required to be applied in interim accounting periods ending before December 31, 2023.

b. Standards and amendments published but not yet effective as of 31 December 2023;

- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**2.2 Changes in Accounting Policies, Correction of Previous Period Financial Statements
(Continued)**

2.2.1 Amendments in Turkish Financial Reporting Standards (Continued)

*b) Standards, amendments, and interpretations that are issued but not effective as of
31 December 2023:*

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

In addition, in the Board Decision of the KGK published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

The Group will evaluate the effects of the above changes on its operations and implement them from the effective date. The impact of the implementation of the above standards and comments in future periods is evaluated.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies, Correction of Previous Period Financial Statements (Continued)

2.2.2 Comparative Information

The Group prepared its consolidated financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Group prepared its balance sheet at 31 December 2023 on a comparative basis with balance sheet at 31 December 2022; and statements of profit or loss comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2023 on a comparative basis with financial statements for the period of 1 January - 31 December 2022. For the purpose of convenience with the presentation of current period consolidated financial statements, comparative information is restated when necessary and major changes are disclosed.

2.2.3 Accounting Policies, Errors and Change in Accounting Estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transition provisions. Changes without any transition requirement, optional significant changes in accounting policies or detected accounting errors are applied retrospectively and the financial statements of the previous period are restated. Changes in accounting estimates are applied in the current period if the change is related to only one period, and if it is related to future periods, it is applied both in the period of change and prospectively.

The Group has applied consistent accounting policies in its financial statements for the periods presented. Apart from these, there is no significant change in accounting policies and estimates in the current period.

2.3 Foreign Currency Translation

i) *Functional and Presentation Currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are measured and presented in (“TRY”) which is the parent Company’s functional and the Group’s presentation currency.

ii) *Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange rate difference income and expenses arising from the realization of these transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period-end exchange rates are considered as foreign currency translation differences and are included in the consolidated statement of profit or loss and other comprehensive income with financial income and expenses, except for those followed under equity. are included in other income and expenses from operations.

Monetary assets in foreign currency in the consolidated statement of financial position as of 31 December 2023 are translated into TRY using the prevailing foreign exchange buying rates as of 31 December 2023 announced by the Central Bank of the Republic of Turkey, and the liabilities are translated into TRY using the prevailing foreign exchange selling rates as of 31 December 2023 announced by the Central Bank of the Republic of Turkey.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.3 Foreign Currency Translation (Continued)

iii) Translation of Financial Statements of Foreign Subsidiaries

Financial statements of consolidated subsidiaries operating in foreign countries are prepared according to the legislation of the country in which they are registered and adjusted to the TFRS to reflect the proper presentation and content. The assets and liabilities of foreign subsidiaries are translated into TRY from the foreign exchange rate at the balance sheet date. The income and expenses of foreign subsidiaries are translated into TRY at the average foreign exchange rates. All resulting exchange differences are recognized in “foreign currency translation differences” as a separate component of equity.

The currency at balance sheet date and the average currencies as of the statement of income and other comprehensive income are as follows:

<u>End of the period:</u>	31 December 2023	31 December 2022
TRY/INR	2.82	4.42
<u>Average:</u>	1 January - 31 December 2023	1 January - 31 December 2022
TRY/INR	3.47	4.76

2.4 Basis of Consolidation

The consolidated financial statements include the accounts of the parent company, Ege Profil and its subsidiaries on the basis set out below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of these consolidated financial statements in accordance with TFRS, applying uniform accounting policies and presentation.

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the companies included in the scope of consolidation have been consolidated through full consolidation method and inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The non-controlling shareholders’ share in the net assets and results for the year for the subsidiaries are included in accumulated losses in the consolidated balance sheet on the grounds of materiality limits. It is included in the net profit for the period in the consolidated statement of profit or loss and comprehensive income.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.4 Basis of Consolidation (Continued)

a) Subsidiaries (Continued)

In order to be consistent with the accounting policies adopted by the Group, the accounting policies of subsidiaries have been changed when necessary.

The table below sets out all subsidiaries included in the scope of consolidation and shows the related controlling interests at 31 December 2023 and 2022:

Subsidiary	Total direct and indirect control by the Company (%)	
	31 December 2023	31 December 2022
Deceuninck India	99.00%	99.00%

Transactions under common control

In share transactions between under common control entities, provisions of IFRS 3 ‘Business Combinations’ is not applicable since IFRS 3 or any other IFRS does not cover those transactions. Accordingly goodwill or negative goodwill is not to be accounted for. The difference between the consideration given and the aggregate book value of the assets and liabilities is accounted as an adjustment to equity. In accordance with IAS 8 and the local requirements regarding accounting treatment of transactions under common control, issued by Public Oversight Accounting and Auditing Standards Authority of Turkey, the Group retrospectively incorporates the acquired entity’s results as if both entities had always been consolidated.

Changes in ownership interests in subsidiaries resulting in loss of control

When the group ceases to consolidate an investment because of a loss of control, any retained interest in the entity at the date of loss of control, is remeasured to its fair value with the change in carrying amount recognized in statement of consolidated comprehensive income

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.4 Basis of Consolidation (Continued)

b) Segment Reporting

The operations of the Group are considered to be a single business segment because of the uniqueness of the Group's main field of activity and the nature of the products in the Group's field of activity, the production processes, the classes of the product customers and the economic characteristics of the methods used in the distribution of the products. Therefore, the Group management evaluates the decisions regarding the resources to be allocated and the performance evaluation as a single operating segment rather than separate segments.

2.5 Significant accounting policies

2.5.1 Related parties

In terms of these consolidated financial statements, shareholders with control, joint control or significant influence over the Group, Deceuninck Group Companies, senior management staff and board members of the Group or Deceuninck NV as the parent company, and jointly controlled or companies that have significant activities on these are accepted and expressed as related parties (Note 3). Related parties are determined by considering the following conditions

- a) A person or a member of his or her immediate family is deemed to be associated with the Company if:
 - i) in the case of possession of control or joint control over the Company,
 - ii) if it has significant influence over the Company,
 - iii) is a member of key management personnel of the Company or a subsidiary of the Company.
- b) If any of the following conditions exist, the entity is deemed to be associated with the Company:
 - i) If the business and the company are members of the same group,
 - ii) The operator is an affiliate or a business partner of the other business (or a member of a group that is also a member of another business),
 - iii) If both businesses are partnerships of the same third party
 - iv) One of the businesses is a third-party business partner and the other is a third-party affiliate,
 - v) In the event of an employee having benefit plans provided after leaving the Company in relation to the employees of the Company or an enterprise associated with the Company. If there is such a plan of the company itself, sponsor employers are also associated with the Company,
 - vi) The operator is controlled or jointly controlled by a person described in (a),
 - vii) has a significant effect on the business of a person identified in (i) or is a member of the key management personnel of the said entity (or its parent company).

Transactions with related parties are disclosed in Note 3.

2.5.2 Revenue recognition

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.2 Revenue recognition (Continued)

Evaluating the transfer of the control of the goods or services sold to the customer;

- a) The Group has a present right to payment for the asset,
- b) The customer has legal title to the asset,
- c) The Group has transferred physical possession of the asset,
- c) The customer has the significant risks and rewards of ownership of the asset,
- e) The customer has accepted the asset.

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfills the performance obligations related to the related sales over time, it measures the progress of the fulfillment of the performance obligations and recognize the revenue to the consolidated financial statements. Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Group recognize revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- b) The Group can identify each party’s rights regarding the goods or services to be transferred,
- c) The Group can identify the payment terms for the goods or services to be transferred,
- d) The contract has commercial substance,
- e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Revenue from product sales

The Group generates revenue as a result of the sale of paint, varnish, resin and other surface coating, building and thermal insulation materials, raw materials and tools and equipments used in its application. Revenue is recognized when product control is transferred to the customer (Note 16).

Evaluating the transfer of the control of the goods or services sold to the customer;

- The Group has a present right to payment for the asset,
- The customer has legal title to the asset,
- The Group has transferred physical possession of the asset,
- The customer has the significant risks and rewards of ownership of the asset,
- The customer has accepted the asset.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.2 Revenue recognition (Continued)

For each performance obligation, the Group determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Group recognize revenue from product sales in the consolidated financial statements following the transfer of control to the customer.

Within the scope of TFRS 15, in cases where the period between the transfer date of the promised good or service to the customer and the date the customer pays the price of this good or service is one year or less at the beginning of the contracts made with the customers, no adjustment is made on the assumption that a significant financing component has no effect on the promised transaction price. option is available. If there is a significant financing element in the revenue arising from the Group's forward sales contracts, the transaction price is determined by discounting the future collections with the interest rate included in the financing element.

The Group recognizes revenue when it has right to collect the consideration which is equal to the price of performance obligation fulfilled by the perspective of customer (after the delivery of goods) in an amount of its right to invoice.

Transaction price is determined by considering variable components like volume rebates given to customers, action fees and listing costs. Payment of the transaction price is due immediately when the customers purchase the products. It is the Group's policy to sell its products to the customers with a right of return within if there are acceptable reasons caused by faulty or obsolete products.

Interest income is recorded periodically by applying the effective interest method. When a provision for impairment is set aside, the Group calculates the carrying value of the receivable to its recoverable amount based on the estimated future cash flow discounted on the basis of the original effective interest rate of the related receivable and records that discount as interest income. Interest income on loans is recorded using the effective interest rate method.

2.5.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable selling expenses. Cost elements included in inventories comprise all costs of purchase of material and other costs incurred in bringing the inventories to their present location and condition such as labor and appropriate amount of factory overheads. Inventory cost calculation system is phase cost and the Group evaluates its inventories according to the appropriate cost method. (Note 6).

Aging and physical condition of inventories are assessed in terms of impairment and provision is recognized for inventories that are identified as obsolete in accordance with related accounting policies. As of the reporting date, details regarding the provision for inventory impairment are provided in Note 6.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.4 Financial assets

Classification and measurement

The Group classifies its financial assets in the following categories, financial assets recognized at amortized cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Group management determines the classification of its financial assets at initial recognition.

Financial assets recognized at amortized cost

Financial assets with fixed or determinable payments that are not traded in an active market and which are not derivatives, where management adopts the business model of collecting contractual cash flows and contract terms only include interest payments arising from principal and principal balance, are recognized as assets that are at amortized cost. If the maturities are less than 12 months from the balance sheet date, they are classified as the current assets. If the maturities are longer than 12 months, they are classified as non-current assets. Assets that are accounted for at amortized cost include ‘trade receivables’, ‘other receivables’ and ‘cash and cash equivalents’ in the balance sheet.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated financial statements. As of 31 December 2023 and 2022, the Group’s financial assets at fair value through profit or loss includes foreign currency forward derivative transactions.

Derivative financial instruments

The Group makes forward foreign exchange contracts in the foreign currency market. According to the Group’s risk management policies, such futures contracts entered for hedging purposes are classified as held for trading because they do not meet the requirements for hedge accounting in accordance with IFRS 9 Financial Instruments, liabilities and assets are recognized at fair value and changes in fair value are reflected in the income statement. If the gain or loss arising from the fair value measurement of the derivative financial instruments at the reporting date and the gain or loss arising from derivative transactions realized within the period relates to the operating activities of the derivative transactions, are recognized in the consolidated statements of profit or loss.

2.5.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand accounts, and deposits held at banks. Cash and cash equivalents are highly liquid investments with maturities less than 3 months. Cash and cash equivalents are stated at their fair values in the consolidated financial statements (Note 4).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.6 Cash flow statement

In the statement of cash flows, cash flows are classified into three categories as operating, investing and financing activities. Cash flows from operating activities are those resulting from the Group’s production and sales activities. Cash flows from investing activities indicate cash flows associated with the Group’s investing activities (such as purchase of or proceed from sale of property, plant and equipment) from property, plant and equipment and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources.

2.5.7 Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 5).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the company will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences.

The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Also, the Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the collection amount is decreased from the doubtful receivable provisions and recorded as income to the income statement.

2.5.8 Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 5).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.9 Borrowing and borrowing cost

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred. If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 11).

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.5.10 Property, plant and equipment

Tangible assets other than lands, underground and surface improvements and buildings are shown at cost on a TL purchasing power basis as of December 31, 2023, after deducting accumulated depreciation and impairment losses, if any. Land, land improvements and buildings are stated at fair value based on valuations by external independent valuers performed at 31 December 2023 and 2022 (Note 9). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount the revalued amount of the asset.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings are credited to the revaluation reserve in equity, net of applicable deferred income tax. For certain assets, the increase was recognized in the consolidated statement of comprehensive income to the extent that it reversed the impairment of the same asset previously recognized in the consolidated statement of comprehensive income. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the consolidated statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the consolidated statement of comprehensive income) and depreciation based on the asset’s original cost is transferred from the revaluation reserve to accumulated losses, and the amount transferred is net of any related deferred income tax.

Property, plant and equipment are capitalized and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. Residual values of property, plant and equipment are deemed as negligible. The advances given for the property, plant and equipment purchases are classified in prepaid expenses under the other non-current assets until the related asset is capitalized. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.10 Property, plant and equipment (Continued)

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 9).

Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipments are as follows:

	<u>Years</u>
Land and land improvements	10-40
Buildings	10-42
Furniture and fixtures	3-10
Machinery and equipments	2-25
Motor vehicles	4-8
Other fixed assets	5

Subsequent costs are included in the asset’s carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

If the property, plant and equipment that are impaired are revalued, the impairment is charged to the revaluation reserves for an amount equivalent to the increases included in the revaluation reserve in the preceding periods and the remaining amount is recognized in the consolidated statement of comprehensive income.

Repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset’s carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group derecognizes the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset’s carrying value or recognized as separate asset, are depreciated based on their useful lives.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.11 Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- a) The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- b) A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- c) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- d) The Group has the right to direct the use of an identified asset. The Group has the right to direct the use of the asset throughout the period of use only if either:
 - i. The Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group, and
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.11 Leases (Continued)

When applying the cost model, the Group measures the right-of-use asset:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in IAS 16 “Property, Plant and Equipment” Standard in depreciating the right-of-use asset. The Group applies IAS 36 “Impairment of Assets” Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group’s incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made and
- c) The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.11 Leases (Continued)

Variable Lease Payments

Lease payments arising from a part of the Group's lease agreements consist of variable lease payments. The mentioned variable lease payments, which are not covered by the TFRS 16 standard, are recorded as income on the income statement in the relevant period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 and related lease payments are recognized as an expense in the period in which they are incurred. Furthermore, single discount rate is used to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease terms for a similar group of assets in a similar economic environment).

2.5.12 Intangible assets

Intangible assets are measured at cost less accumulated depreciation and impairment, if any.

Intangible assets mainly comprise acquired rights, trademarks, industrial software, distributor list, software license rights and other rights and capitalized at fair value.

Intangible assets (software license right and other rights) are amortized on a straight-line basis over their estimated useful lives for a period of mainly 3-20 years from the date of acquisition. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.5.13 Non-current assets held for sale

Real estates related to the old production facility not in use for which the Group management has initiated an active plan for the sale:

The Group management has initiated an active plan for the sale of the old Pimas production facility in Gebze on October 20, 2021, and these assets in accordance with the provisions of TFRS 5 “Assets Held for Sale and Discontinued Operations” as of the same date, transferred to non-current assets held for sale. These assets are actively marketed at a price consistent with their current fair value, and the sale is expected to be completed within one year from the date of classification. Various events or circumstances may extend the completion time of the sale transaction beyond one year. If the delay is due to events or conditions beyond the Group's control and there is sufficient evidence that the Group's plan to sell the related asset is in progress; Extending the time required to complete the sale does not preclude the asset from being classified as held for sale. The Group measures assets classified as held for sale at the lower of their carrying amount and fair value less costs to sell.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.13 Non-current assets held for sale (Continued)

When these assets are sold, the difference between sales amount and the carrying value of the asset is recognized in the statement of profit or loss.

When these and similar assets are sold, the difference between the amount of sales and the value of the asset is accountable in the profit or loss table.

2.5.14 Research and development expenses

Expenditure on research activities are recognized as an expense in the period in which they are incurred. An intangible assets arising from development (or from the development phase of an internal project) is recognized as intangible assets when the following criteria are met;

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

In other cases, development costs are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

2.5.15 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. The recoverable amounts of intangible assets not yet available for use to be measured annually. When an indication of impairment exists, the Group estimates the recoverable amounts of such assets. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of that asset exceeds its recoverable amount, which is the higher of an asset’s net selling price or value in use. Impairment losses are accounted for in the statement of comprehensive income.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.15 Impairment of non-financial assets (Continued)

Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognized.

2.5.16 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to settle the liability. The rate used to discount provisions to their present values is determined considering the interest rate in the related markets and the risk associated with the liability. The discount rate must be pre-tax and does not consider risks associated with future cash flow estimates. In cases where the time value of money is material and the provisions approach to their expected realization date, the increase in the provision due to passage of time is recognized as interest expense in the consolidated statement of income and other comprehensive income.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities. The Group does not recognize contingent assets and liabilities (Note 14). Provisions are not recognized for future operating losses.

Warranty provision

The Group provides warranty regulations for products sold in Turkey. The Company makes provision for the said commitment by estimating the possible warranty obligation over the sales made within the framework of the current legal regulations, based on its past experiences.

Contingent assets and liabilities

Contingent liabilities are not reflected in the financial statements but explained in the footnotes if the situation requiring resource transfer is not highly likely. Contingent assets, on the other hand, are not reflected in the financial statements and explained in footnotes if the possibility of generating economic gains is high.

In order to determine provisions for lawsuits, the probability of losing the relevant lawsuits and the consequences to be incurred in case of loss are evaluated in line with the opinions of the Group's legal advisors and the amount of the provision is determined. In addition, based on the ongoing tax review, a provision is accounted for possible cash outflow based on the best estimates within the current information, taking into account the opinions of the Group tax advisors within the framework of the applicable tax laws.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.17 Employee benefits/severance pay

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. All actuarial gains and losses are recognized in other comprehensive income.

Unused vacation

Liabilities due to unused vacations classified as provisions due to employee benefits are accrued and discounted if the discount effect is material.

Seniority incentive bonus

There is a benefit for the Company's top executives in return for their long stay in the Company. The provision for this benefit accrued in the financial statements represents the estimated total provision for future liabilities, discounted as of the balance sheet date.

2.5.18 Current period tax expense and deferred tax

Tax expense includes current period tax expense and deferred tax expense. The tax is included in the income statement, provided it is not directly related to a transaction accounted for under equity. Otherwise, the tax is accounted for under equity with the relevant transaction.

Current tax expense is calculated by taking into account the tax laws in force in the countries where the Group's subsidiaries operate as of the date of the statement of financial position. According to Turkish tax legislation, the corporations whose legal or business centers are in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

In addition, temporary tax at a rate of 25% is paid over the tax bases declared during the year to be deducted from corporate tax. The corporate tax rate in India is 26%.(Note 23)

As of 31 December 2023 and 2022, income tax provisions have been accrued in accordance with the prevailing tax legislation.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.18 Current period tax expense and deferred tax (Continued)

75% of the profits arising from the sale of participation shares held in the Company's assets for more than two years, as well as founding shares, usufruct shares and pre-emptive rights held for the same period, and 75% of the profits arising from the sale of immovable properties that were in the Company's assets for the same period as of July 15, 2023. It is exempt from tax, provided that 25% of it is added to the capital or kept in a special passive fund account for 5 years, as stipulated in the Corporate Tax Law. Corporate tax exemption is not applied to profits arising from the sale of real estate that has been activated as of July 15, 2023.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

In the financial statements dated 31 December 2023, the Company's postponed tax assets and obligations used 25 %for the tax impact of temporary differences in the following periods.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Deferred tax assets are recorded when it is highly probable to benefit from temporary differences and accumulated losses by generating taxable profit in the future. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimates and evaluations regarding the taxable profits that may occur in the future.

The Group management determines the taxable profit amount by taking into account the predictable future profit or loss projections while accounting the deferred tax from the mentioned tax advantages. In addition, the Group management accounts for its tax assets and liabilities by making all necessary evaluations in line with the opinions of tax consultants within the framework of the tax laws in force in the countries where they operate. Explanations on the aforementioned tax assets and liabilities are included in Note 23.

2.5.19 Government grants

Government grants, including non- monetary grants at fair value, are recognized in consolidated financial statements when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grants will be received. The Group accounts government subsidies for brand development and related marketing expenses by offset marketing, selling and distribution expenses on consolidated financial statements. Government grants and subsidies comprise of research and development incentives and investment incentives.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Significant accounting policies (Continued)

2.5.20 Earnings per share

The calculation of earnings per share is based on net profit attributable to equity holders of the parent divided by weighted average number of ordinary shares outstanding during the period (Note 24).

2.5.21 Share premiums

Share premium represents differences resulting from the sale of the Company’s subsidiaries and associates’ shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

2.5.22 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on ordinary shares are recognized as an appropriation of the profit in the period they are declared. Dividends received are recorded as income on the date when the right to collection occurs.

Advance profit shares refers to the amount calculated in accordance with the provisions of the CMB and dividend communiqué on the profits formed according to the financial statements to be deducted from the profit share to be distributed over the annual financial statements.

2.5.23 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

2.5.24 Events after the reporting period

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when financial statements were authorized for issue.

In the case that adjusting events occur after the reporting period, the Group adjust the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Moreover, non-adjusting events that are indicative of conditions that arose after the reporting period should be disclosed if they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions.

2.5.25 Going concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.6 Critical Accounting Estimates and Judgements

Preparation of consolidated financial position statements (balance sheet) requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Group management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Group management are as follows:

a) Revalued amounts of land, land improvements and buildings

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

As a result of the assessments made by the Group management, land, land improvements and buildings held by the Group are carried at their fair values in the consolidated financial statements as of 31 December 2023 and 2022 based on the valuations performed by an external independent valuer.

The details of the methods and assumptions used for valuations of land, land improvements and buildings are as follows:

- In fair value calculations, the highest and best use evaluation was made and the current usage purposes were determined as the highest and best use. Market reference comparison method was used for lands, and the cost approach method was used for land improvements and buildings.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the real estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, the value of the real estate was determined by adding the investment costs on the land after the amortization (after adding any interests or gains, removing the wearing out). The peer comparison method described above was also used to calculate the plot value from the components discussed in the cost approach method.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.6 Critical Accounting Estimates and Judgements (Continued)

a) Revalued amounts of land, land improvements and buildings (Continued)

The fair values may differ from the amounts that would result from the outcome of a sales transaction between independent parties.

The values determined by the cost approach method were evaluated according to IAS 36 “Impairment in Assets” in terms of the date when they were first accounted in the consolidated financial statements, and whether there are impairment indicators or not.

b) Trade receivables and impairment

The Group management takes into consideration the guarantees received from customers, past collection performances, maturity analysis, disputes or claims related to receivables or lawsuits when evaluating the recoverability of such trade receivables. The determination of the doubtful receivables as well as the provision amounts for these receivables as a result of all these evaluations include management’s assumptions and estimates.

Although these estimates and assumptions rely on the Group management’s best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions.

NOTE 3 - RELATED PARTY DISCLOSURES

Summary of the related party balances as of 31 December 2023 and 31 December 2022 and significant related party transactions during the period were as follows:

i) Balances with related parties:

a) Short-term trade receivables from related parties:

	31 December 2023	31 December 2022
Deceuninck SAS (Columbia) (2)	180,404,837	335,595,147
Deceuninck South America (2)	22,700,925	90,827,689
Deceuninck Pty Ltd (2)	11,103,780	52,971,639
Deceuninck doo – Croatia (2)	16,693,667	49,793,549
Deceuninck Romania SRL (2)	28,059,788	26,436,623
Deceuninck NV (1)	26,033,704	25,857,979
Deceuninck (Thailand) Co Ltd (2)	12,117,809	22,791,484
Other Deceuninck Group Companies (2)	47,119,136	39,690,785
	344,233,646	643,964,895

(1) Parent company having control over the Group.

(2) Companies that are members of the same group as the Group.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

i) Balances with related parties (Continued):

a) Short-term trade receivables from related parties (Continued):

Short-term trade receivables from related parties are related to product sales.

As of 31 December 2023, the due dates of trade receivables from related parties are as follows:

	31 December 2023	31 December 2022
Overdue receivables (*)	193,492,911	379,550,460
0-30 days due	52,686,933	87,989,342
30-120 days due	86,992,677	107,618,622
121-180 days due	11,061,125	68,806,471
	344,233,646	643,964,895

(*) A portion of TRY87,936,278 (2022: TRY169,220.936) of overdue receivables consists of receivables overdue for more than one year, and TRY105.556.633 (2022: TRY210.329.524) portion consists of receivables that are less than one year past due. As of 31 December 2022, the Group has incurred maturity differences amounting to TRY51.708.987 (2022: TRY36.813.709) for the overdue receivables, and the annual average effective weighted interest rate applied is 8% for Euro and 12.54% for USD.

Group management believes that the Group management does not include any suspicious receivables by considering the past experience in collecting its commercial receivables from the associated parties and the guarantees received from the main partner.

The carrying value of short-term trade receivables from related parties approximate to their fair values.

b) Other short-term receivables from related parties:

	31 December 2023	31 December 2022
Deceuninck (Majority Shareholder)	230,000,000	-
	230,000,000	-

As of December 31, 2023, the maturity of 100,000,000 TL of the Company's other receivables from its related parties is 9 May 2024 and the annual average effective interest rate it applies is 26%, and the maturity of the 130,000,000 TL part is 23 November 2024 and the annual average effective interest rate it applies. It is 41.50%.

c) Prepaid expenses due from related parties:

	31 December 2023	31 December 2022
Other Group Companies	35,407,484	-
	35,407,484	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

i) Balances with related parties (Continued):

d) Short-term trade payables to related parties:

	31 December 2023	31 December 2022
Deceuninck NV (1)	68,663,466	42,864,973
Other Deceuninck Group Companies (2)	53,692,008	9,512,916
	122,355,474	52,377,889

A significant portion of short-term debts to related parties; It arises from foreign raw material purchases and consultancy and consultation services received from Deceuninck NV.

ii) Transactions with Related Parties:

a) Product sales to related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Deceuninck NV (1)	15,140,255	65,556,988
Other Deceuninck Group Companies (2)	689,505,534	871,078,875
	704,645,789	936,635,863

Most of the sales to the associated parties consist of sales to Deceuninck SAS (Colombia), Deceuninck Romania Srl and Deceuninck South America (CHILE) companies.

b) Service and product purchases from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Deceuninck NV (1)	33,255,346	87,573,800
Other Deceuninck Group Companies (2)	16,530,705	6,890,119
	49,786,051	94,463,919

c) Purchases of tangible fixed assets from related parties:

Deceuninck NV (1)	4,261,718	7,044,583
Other Deceuninck Group Companies (2)	7,958,520	197,350
	12,220,238	7,241,933

d) Sales of tangible fixed assets to related parties:

Deceuninck NV (1)	9,839,179	1,600,937
Other Deceuninck Group Companies (2)	1,454,661	28,096,583
	11,293,840	29,697,520

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

ii) Transactions with Related Parties (Continued):

e) Other expenses from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Deceuninck NV (1) ^(*)	305,079,819	220,531,568
Other Deceuninck Group Companies (2)	-	15,508,784
	305,079,819	236,040,352

^(*) As of 31 December 2023, TRY154,200,032 (31 December 2022: TRY106,404,165) of this amount was paid for management services, TRY135,784,698 (31 December 2022: TRY103,521,990) for information technology systems whereas TRY15,095,089 (31 December 2022 TRY10,605,413) consists of the royalties.

f) Foreign exchange gains / (losses) from related parties -net:

	1 January - 31 December 2023	1 January - 31 December 2022
Other Deceuninck Group Companies (2)	(123,433,032)	(181,763,733)
Deceuninck NV (1)	(235,540)	(937,490)
	(123,668,572)	(182,701,223)

g) Key management benefits:

Key management consists of senior managers, board members, general manager and directors, and the benefits provided to these managers are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Total short-term benefits	63,944,035	78,610,474
Total long-term benefits	9,695,417	17,451,949
Termination benefits	2,843,606	2,488,848
	76,483,058	98,551,271

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	-	6,243
Banks	677,360,261	595,933,542
- Time deposits	614,170,418	541,287,252
- TRY denominated time deposits	202,035,618	507,368,771
- Foreign currency denominated time deposits	412,134,800	33,918,481
- Demand deposits	63,189,843	54,646,290
- TRY denominated demand deposits	41,836,517	46,401,097
- Foreign currency denominated demand deposits	21,353,326	8,245,193
Cheques in collection	126,459,453	72,592,869
	803,819,714	668,532,655

Futures deposits consist of short -term deposits in a month (31 December 2022: one month), which are in a month, and the effective weighted average interest rate is 41.55 %and 4.75 (31 December 2022: It consists of short -term TL and deposits in US dollars with a maturity of a month and the an effective weighted average annual interest rate is 23.85 %and 0.03 %, respectively). Based on the independent data with respect to the credit risk assessment of the banks, at which the Group has deposits, the credit quality of the banks is sufficient.

As of December 31, 2023, the Group has a blocked deposit of TRY 34,551,596 (31 December 2022: TRY 25,163,931) there and the amount consists of deposits arising from DBS collections which can be used within 2 days following the balance sheet date.

Cheques in collection includes cheques with maturities within 3 days that are kept in banks for collection.

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables to third parties:

	31 December 2023	31 December 2022
Cheques and notes receivable	2,031,445,758	2,489,655,686
Customer current accounts	604,539,804	212,327,872
	2,635,985,562	2,701,983,558
Less: Trade receivable rediscount	(135,575,800)	(128,372,220)
	2,500,409,762	2,573,611,338

The average maturity of commercial receivables is between 1 to 3 months (31 December 2022: 1 - 3 months).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

a) Short-term trade receivables to third parties: (Continued):

As of 31 December 2023 and 2022, the movement table for provision for doubtful trade receivables is as follows:

	2023	2022
1 January	128,372,220	151,924,901
Current period provision expense	93,000,915	82,157,586
Current year collections	(26,315,706)	(36,774,444)
Collections	(3,045,264)	(7,297,976)
Currency translation differences	10,092,172	4,405,586
Monetary loss/gain	(66,528,537)	(66,043,433)
31 December	135,575,800	128,372,220

As of 31 December 2023 and 2022, the aging of trade receivables that are past due but not impaired are as follows:

	31 December 2023	31 December 2022
Up to 30 days	20,199,650	39,456,742
30-60 days	11,808,124	4,776,077
60-90 days	17,264,701	15,381,628
90-180 days	9,505,062	4,825,869
Up to 180 days	22,450,686	21,007,102
	81,228,223	85,447,418

As of 31 December 2023 and 2022, since the amount of guarantees received from customers for past due but not impaired receivables covers the uncollected receivables, no additional provision is recognized in the consolidated financial statements.

As of 31 December 2023, there are bank letters of guarantee amounting to TRY274,338,45, guarantee notes amounting to TRY12,458,997 and first degree mortgages amounting to TRY747,219,447 received as a guarantee for total trade receivables of the Group (31 December 2022: TRY291,892,628, TRY17,517,217 and TRY731,493,757, respectively) (Note 14). Explanations on the Group's credit risk management can be found in Note 25.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's widely dispersed customer base, covering the spectrum of manufacturing and distribution and the variety of available markets in which they sell. Due to these factors, the Group management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Short-term trade payables:

	31 December 2023	31 December 2022
Supplier current accounts	1,628,171,463	1,392,892,626
Notes payable	218,138,827	526,983,604
	1,846,310,290	1,919,876,230

The average maturity of commercial debts is 3 - 6 months (31 December 2022: 3 - 6 months).

NOTE 6 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials	233,911,270	325,493,457
Work in progress	84,242,620	106,904,254
Finished goods	313,673,032	288,258,114
Trade goods	225,904,546	200,321,181
Provision for obsolescence of inventory (-)	(54,201,358)	(48,248,165)
	803,530,110	872,728,841

Cost of inventories recognized as expense and included in cost of goods sold amounted to TRY4,594,209,964 (31 December 2022: TRY6,006,879,506).

Raw materials mainly consist of PVC, lamination materials and adhesives used in profile production.

As of 31 December 2023, provision for obsolescence of inventory consists of provisions related with raw material, finished goods and trade goods inventories amounting to TRY1,350,414, TRY19,533,043 and TRY1,240,154 respectively (31 December 2022: TRY36,043,365, TRY36,043,365 and TRY6,919,052, respectively).

The movement of provision for obsolescence of inventory for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	48,248,165	32,227,344
Increase/(decrease) in the period, net	5,953,193	16,020,821
31 December	54,201,358	48,248,165

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 7 - PREPAID EXPENSES

	31 December 2023	31 December 2022
a) Short-term prepaid expenses		
Order advances given	6,879,343	43,856,563
Other	22,933,100	16,144,858
	29,812,443	60,001,421
b) Long-term prepaid expenses		
Advances given for the purchase of fixed assets	57,958,689	73,033,965
Other	1,092,667	2,725,454
	59,051,356	75,759,419

NOTE 8 - OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
a) Other current assets		
Value added tax ("VAT") deductible	48,944,701	41,817,357
Job advances	14,332,663	16,997,173
Other	576,132	903,471
	63,853,496	59,718,001
b) Other short term liabilities		
Taxes and funds payable	48,536,188	21,693,853
Provisions for expenses	38,767,489	2,276,858
Total	87,303,677	23,970,711

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND
2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers	Disposals	Foreign Currency Translation Adjustment	Net-off Accumulated Depreciation Before Revaluation	Revaluation increases	31 December 2023
<u>Cost/ revaluation:</u>								
Land	664,199,635	-	-	-	-	-	251,330,365	915,530,000
Buildings, land and land improvements	1,474,752,224	-	75,870,153	-	340,940	(44,490,803)	368,177,486	1,874,650,000
Machinery and equipments	2,642,863,999	41,758,609	109,939,204	(3,548,694)	23,906,353	-	-	2,814,919,471
Motor vehicles	44,270,530	37,177,329	-	(1,234,533)	1,790,189	-	-	82,003,515
Furniture and fixtures	48,804,127	6,252,274	-	-	3,727,891	-	-	58,784,292
Construction in progress	185,809,357	171,546,119	(185,809,357)	-	-	-	-	171,546,119
	5,060,699,872	256,734,331	-	(4,783,227)	29,765,373	(44,490,803)	619,507,851	5,917,433,397
<u>Less: Accumulated depreciation:</u>								
Buildings, land and land improvements	-	(44,490,803)	-	-	-	44,490,803	-	-
Machinery and equipments	(1,828,036,344)	(146,521,484)	-	3,456,798	(21,962,506)	-	-	(1,993,063,536)
Motor vehicles	(16,559,495)	(14,109,318)	-	567,895	(1,123,552)	-	-	(31,224,470)
Furniture and fixtures	(21,302,583)	(5,018,003)	-	-	(2,767,047)	-	-	(29,087,633)
	(1,865,898,422)	(210,139,608)	-	4,024,693	(25,853,105)	44,490,803	-	(2,053,375,639)
Net book value	3,194,801,450							3,864,057,758

1 January - 31 December 2023 In the account period, a significant portion of the entrances to the machinery, facilities and devices are related to the machines used by the company for production activities and are mainly related to the additional production plant which is mainly made.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND
2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT(Continued)

	1 January 2022	Additions	Transfers	Disposals	Foreign Currency Translation Adjustment	Net-off Accumulated i Depreciation Before Revaluation	Revaluation increases	Revaluation decreases	31 December 2022
<u>Cost/ revaluation:</u>									
Land	557,711,206	-	-	-	-	-	158,961,014	(52,472,585)	664,199,635
Buildings, land and land improvements	989,830,263	24,877,262	-	-	243,476	(28,280,864)	488,082,087	-	1,474,752,224
Machinery and equipments	2,458,991,450	140,126,817	62,359,191	(22,765,875)	4,152,416	-	-	-	2,642,863,999
Motor vehicles	35,900,697	8,129,838	-	-	239,995	-	-	-	44,270,530
Furniture and fixtures	41,061,674	7,246,772	-	-	495,681	-	-	-	48,804,127
Construction in progress	115,690,344	132,478,204	(62,359,191)	-	-	-	-	-	185,809,357
	4,199,185,634	312,858,893	-	(22,765,875)	5,131,568	(28,280,864)	647,043,101	(52,472,585)	5,060,699,872
<u>Less: Accumulated depreciation:</u>									
Buildings, land and land improvements	-	(28,280,864)	-	-	-	28,280,864	-	-	-
Machinery and equipments	(1,674,046,584)	(170,576,600)	-	20,405,526	(3,818,686)	-	-	-	(1,828,036,344)
Motor vehicles	(6,954,705)	(9,321,596)	-	-	(283,194)	-	-	-	(16,559,495)
Furniture and fixtures	(16,594,609)	(4,366,804)	-	-	(341,170)	-	-	-	(21,302,583)
	(1,697,595,898)	(212,545,864)	-	20,405,526	(4,443,050)	28,280,864	-	-	(1,865,898,422)
Net book value	2,501,589,736								3,194,801,450

Main additions to machinery and equipments during the period between 1 January - 31 December 2022 are related with laser cutting tools. Majority of the transfers from the construction in progress during the period between 1 January - 31 December 2022 are related with the transfer of the mold production project to machinery and equipments that are ready to use.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT(Continued)

The allocation of depreciation and amortization expenses of the Group for the periods between 1 January - 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	(181,779,922)	(185,425,789)
Marketing expenses	(57,835,975)	(50,172,414)
General and administrative expenses	(23,954,902)	(21,048,505)
Research and development expenses	(130,302)	(153,014)
	(263,701,101)	(256,799,722)

There is no mortgage or pledge on the Group's property, plant and equipments.

Movements in revaluation reserve related to land, land improvements and buildings for the period between 1 January - 31 December 2023 were as follows:

	2023	2022
1 January	533,530,583	-
Increase due to revaluation of land, land improvements and buildings	619,507,851	647,043,101
Deferred tax calculated on the increase arising from the revaluation of land, land improvement and buildings	(139,168,815)	(113,512,518)
Depreciation on revaluation reserve transferred to retained earnings	(14,874,881)	-
Deferred tax calculated over the depreciation arising from revaluation fund classified to accumulated losses	3,718,720	-
Deferred tax effect related to revaluation increases recognized in current period tax records (*)	311,695,142	-
31 December	1,314,408,600	533,530,583

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 10 - RIGHT OF USE ASSETS

Movements of right of use assets and accumulated depreciation between 1 January and 31 December 2023 were as follows:

Cost:	1 January 2023	Additions	Disposals	Translation Difference	31 December 2023
Buildings	118,026,520	4,494,260	(17,886,975)	10,329,549	114,963,354
Machinery and equipment	159,649,102	3,887,193	-	-	163,536,295
Motor vehicles	49,260,429	30,714,689	-	-	79,975,118
	326,936,051	39,096,142	(17,886,975)	10,329,549	358,474,767
<u>Less: Accumulated Depreciation:</u>					
Buildings	(72,979,361)	(13,735,737)	7,079,901	(6,187,698)	(85,822,895)
Machinery and equipment	(100,813,503)	(28,728,017)	-	-	(129,541,520)
Motor vehicles	(38,036,268)	(9,027,069)	-	-	(47,063,337)
	(211,829,132)	(51,490,823)	7,079,901	(6,187,698)	(262,427,752)
Net book value	115,106,919				96,047,015

Additions to right-of-use assets between 1 January and 31 December 2023 are mainly due to building rentals, forklift rentals and motor vehicles rentals.

Movements of right of use assets and accumulated depreciation between 1 January and 31 December 2022 were as follows:

Cost:	1 January 2022	Additions	Disposals	Translation Difference	31 December 2022
Buildings	98,923,771	13,687,629	(137,208)	5,552,328	118,026,520
Machinery and equipment	149,709,014	10,004,786	(64,698)	-	159,649,102
Motor vehicles	48,189,877	1,114,204	(43,652)	-	49,260,429
	296,822,662	24,806,619	(245,558)	5,552,328	326,936,051
<u>Less: Accumulated Depreciation:</u>					
Buildings	(67,606,027)	(1,974,090)	69,907	(3,469,151)	(72,979,361)
Machinery and equipment	(70,345,888)	(30,531,112)	63,497	-	(100,813,503)
Motor vehicles	(26,532,442)	(11,547,477)	43,651	-	(38,036,268)
	(164,484,357)	(44,052,679)	177,055	(3,469,151)	(211,829,132)
Net book value	132,338,305				115,106,919

Additions to right-of-use assets between 1 January and 31 December 2022 are mainly due to warehouse rentals and forklift rentals.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 11 - BORROWINGS AND BORROWING COSTS

	31 December 2023	31 December 2022
Short-term borrowings	105,850,000	50,677,350
Short-term portion of long-term borrowings	41,182,723	59,210,746
Lease liabilities	35,785,577	34,703,971
Short-term borrowings	182,818,300	144,592,067
Long-term borrowings	131,590,763	256,367,553
Lease liabilities	52,996,105	67,492,874
Long-term borrowings	184,586,868	323,860,427
Total financial liabilities	367,405,168	468,452,494

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND
2022

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 11 - BORROWINGS AND BORROWING COSTS (Continued)

a) Bank borrowings:

	Effective Weighted Average Interest Rate p.a. (%)		Original Amount		TRY Equivalent	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Short-term borrowings:						
TRY	35.11	15.95	102,000,000	49,994,974	102,000,000	49,994,974
Interest accrual	-	-	3,850,000	682,376	3,850,000	682,376
					105,850,000	50,677,350
Short-term portion of long-term borrowings:						
TRY	18.93	15.66	36,600,740	45,481,557	36,600,740	45,481,557
Interest accrual	-	-	4,581,983	13,729,189	4,581,983	13,729,189
					41,182,723	59,210,746
Total short-term bank borrowings					147,032,723	109,888,096
Long-term borrowings:						
TRY	19.44	16.91	98,958,163	223,461,083	98,958,163	223,461,083
EUR	0.75	0.75	1,000,000	1,000,000	32,632,600	32,906,470
Total long-term bank borrowings					131,590,763	256,367,553
Total bank borrowings					278,623,486	366,255,649

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 11 - BORROWINGS AND BORROWING COSTS (Continued)

a) Bank borrowings (Continued):

As of 31 December 2023 and 2022 repayment schedule of long-term borrowings are as follows:

	31 December 2023	31 December 2022
Within 1-2 years	68,705,977	60,406,484
Within 2-3 years	35,959,596	92,437,075
Within 3-4 years	26,925,190	59,251,676
Within 4-5 years	-	44,272,318
	131,590,763	256,367,553

There is no guarantee given by the Group for the short and long bank borrowings as of 31 December 2023 and 2022.

According to the borrowing agreement signed by the Group with a financial institution for the loan amounting to TRY 32,632,600 equivalent of EUR1,000,000, there are certain conditions that must be met, and as a result of the evaluations made by the Group management, there is no condition that cannot be fulfilled as of 31 December 2023. The maturity of the 1,000,000 Euro portion of the said loan is 17 November 2025.

As of December 31, 2023, the Group should pay 71,111,111 million TL every six months; At the end of the six -month periods, depending on the TLREF ratio, there is a long -term loan with variable interest rate and the last installment payment of August 2027 (December 31, 2022: There is no variable interest loan).

The movement table of borrowings between 1 January - 31 December 2023 is as follows:

	2023	2022
1 January	366,255,649	863,850,503
Cash inflows from proceeds from borrowings	130,415,421	204,993,213
Cash outflows from payments of borrowings	(73,649,639)	(468,626,466)
Changes in interest accruals	47,022,676	43,765,533
Interest paid	(47,936,579)	(47,765,747)
Unrealized currency translation difference	16,189,157	61,934,335
Monetary loss / gain	(159,673,199)	(291,895,722)
31 December	278,623,486	366,255,649

b) Lease liabilities

	31 December 2023	31 December 2022
Short-term lease liabilities	35,785,577	34,703,971
Long-term lease liabilities	52,996,105	67,492,874
	88,781,682	102,196,845

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 11 - BORROWINGS AND BORROWING COSTS (Continued)

b) Lease liabilities (Continued)

Movement of lease liabilities is between 1 January - 31 December 2023 is as follows:

	2023	2022
1 January	102,196,845	141,281,360
Additions	35,211,895	34,257,824
Disposal	(12,644,276)	(112,225)
Interest expense	11,324,460	12,342,074
Unrealized currency translation difference	40,573,063	23,647,351
Payments during the period (-)	(52,896,033)	(50,964,630)
Monetary loss/ gain	(34,984,272)	(58,254,909)
31 December	88,781,682	102,196,845

NOTE 12 - EMPLOYEE BENEFITS

a) Short-term payables regarding employee benefits:

	31 December 2023	31 December 2022
Personnel salaries to be paid	33,100,714	24,855,809
Social security premiums payable	19,818,693	10,828,509
Taxes and funds payable	11,938,600	5,679,700
	64,858,007	41,364,018

b) Long-term provisions due to employee benefits:

Provision for employment termination benefits	89,973,340	112,648,663
Seniority premium	7,582,942	14,739,683
Provision for unused vacations	13,015,140	8,560,083
	110,571,422	135,948,429

i) Provision for Unused Vacation:

The movements of the provision for unused vacation during the period are as follows:

	2023	2022
1 January	8,560,083	9,989,013
Additions	9,998,593	2,935,422
Monetary gain	(5,543,536)	(4,364,352)
31 December	13,015,140	8,560,083

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 12 - EMPLOYEE BENEFITS (Continued)

b) Long-term provisions due to employee benefits (Continued):

ii) Employment Termination Benefit:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2023 the amount payable consists of one month’s salary limited to a maximum of TRY23,489.83 (31 December 2022: TRY15,371.40) for each year of service.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TRY35,058.58 (1 January 2023: TRY19,982.83) which is effective from 1 January 2024 has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

The following actuarial assumptions were used in the calculation of the total liability:

	2023	2022
Discount rate (%)	2.79	0.4
Probability of retirement (%)	100	90.42

An increase of 0.50 points in the discount rate causes an increase of TRY4,379,768 in the calculation of the provision for severance pay.

The movements of the provision for employee termination benefit during the periods are as follows:

	2023	2022
1 January	112,648,664	48,736,430
Interest cost	16,003,841	6,191,769
Service cost	40,965,750	9,824,517
Actuarial (gain)/ loss	37,427,317	87,179,594
Actuarial (gain)/ loss	(66,817,791)	(9,753,777)
Translation difference	47,643	34,484
Monetary loss/gain	(50,302,084)	(29,564,354)
31 December	89,973,340	112,648,663

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 13 - DEFERRED REVENUE

a) Short-term deferred revenue

	31 December 2023	31 December 2022
Advances received	1,549,030,266	1,471,782,873
	1,549,030,266	1,471,782,873

The advances received include the payments received by the Group from its dealers and customers for the sales to be made in the following periods, and it is anticipated that the advances will be closed within one year (31 December 2022: one year). It is estimated that the carrying value of the advances received approximate to their fair values.

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions:

Other short term provisions as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Warranty provision	27,062,000	10,670,917
Provision for litigations	9,164,978	10,609,507
Seniority premium	-	17,080,605
	36,226,978	38,361,029

b) Guarantees received:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	TRY Equivalent	Original Amount	TRY Equivalent	Original Amount
Letters of guarantee received				
EUR	21,632,223	745,155	49,524,600	1,505,011
USD	4,143,549	151,353	29,105,943	943,000
TRY	246,405,207	246,405,207	242,456,947	242,456,947
Guarantee notes received				
EUR	4,193,456	144,450	4,753,339	144,450
TRY	7,451,525	7,451,525	12,772,414	12,772,414
Mortgages received				
EUR	4,199,059	144,643	4,759,690	2,888,636
TRY	742,507,860	742,507,860	726,742,261	726,742,261
	1,030,532,879		1,070,115,194	

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received consists of letters of guarantee, guarantee notes and real estate mortgages received from customers in terms of credit risk management of receivables arising from trading activities.

c) Guarantees given:

	31 December 2023		31 December 2022	
	TRY Equivalent	Original Amount	TRY Equivalent	Original Amount
TRY	65,178,870	65,178,870	66,456,892	66,456,892
	65,178,870		66,456,892	

Guarantees received consists of letters of guarantee, guarantee notes and real estate mortgages received from customers in terms of credit risk management of receivables arising from trading activities.

The Collaterals/Pledges/Mortgages (“CPM”) Position of the Company:

	31 December 2023	31 December 2022
A. Total Amount of CPM Given for the Group’s Own Legal Personality	65,178,870	66,456,892
B. Total Amount of CPM Given on Behalf of Fully Consolidated Companies	-	-
C. Total Amount of CPM Given for Continuity of Its Economic Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM		
i. Total Amount of CPM Given on Behalf of the Majority Shareholder	-	-
ii. Total Amount of CPM Given to on Behalf of Other	-	-
iii. Total Amount of CPM Given on Behalf of Third Parties Which are not in Scope of C	-	-
	65,178,870	66,456,892

As of 31 December 2023 and 31 December 2022, the Company and its Subsidiaries have no guarantees, pledges or mortgages received from or given to its related parties. As of 31 December 2023, percentage of other guarantees, pledges or mortgages given by the Company and its subsidiaries to the Group’s equity is 0% (31 December 2022: 0%).

d) Commitments:

The Group has no export commitment as of 31 December 2023 and 2022.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Commitments (Continued):

As of December 31, 2023, the total nominal value of term foreign exchange trading and option agreements that have not matched is 25,000,000 US dollars is available for 822,047,000 TRY sales, 167,640,000 TRY buying and 5,000 euros sales contract. (As of December 31, 2022, there is a maturity of in exchange for a sales commitment of AUD 3,000,000 in exchange for a purchase commitment of USD19,806,500 due to the derivative transactions and 247,120,500 TRY in exchange for a sales commitment of 5,000,000 euros). As of 31 December 2022, the reasonable values of these derivative transactions are negative TRY2,506,189 (31 December 2022: negative TRY4,129,521).

NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2023 and 31 December 2022, the Company's paid-in capital and shareholding structure are as follows:

Shareholder:	31 December 2023		31 December 2022	
	Amount (TRY)	Share (%)	Amount (TRY)	Share (%)
Deceuninck NV	71,192,402	87.91	71,192,402	87.91
Publicly traded	9,788,391	12.09	9,788,391	12.09
Paid in share capital	80,980,793	100	80,980,793	100
Adjustments to share capital	1,025,537,409		1,025,537,409	
Total equity	1,106,518,202		1,106,518,202	

The upper limit of registered share capital of the Group as of 31 December 2023 and 31 December 2022 is TRY120,000,000. As of 31 December 2023 and 31 December 2022, the historic value of the Group's paid-in capital is TRY80,980,793 and the capital of the Group consists of 8,098,079,300 shares and the nominal value of the shares is equal to Kr 1 per share.

a) Restricted Reserves

Restricted reserves comprise of general legal reserves and general legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code (TCC) as below:

- The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital.
- The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital.

The differences resulting from the conversion of the following inflation-adjusted amounts in the Company's legal records into CPI-adjusted amounts within the scope of TMS 29 are accounted for in the Retained Earnings item.

	PPI indexed Legal Records	CPI indexed Amounts	Differences followed in previous years' profits
Adjustments to share capital	2,332,189,109	1,025,537,409	1,306,651,700
Restricted Reserves	389,428,907	276,129,284	113,299,623

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

b) Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss (Continued)

- *Revaluation of Property, Plant and Equipment*

The Group has adopted revaluation model for land, land improvements and buildings and applied in accordance with TAS 16.

The amount of fund that correspond to depreciation of current period of the amount of the tangible assets that has been recognized in revaluation fund is annually transferred to retained earnings in accordance with their economic useful lives. At the disposal of revalued land or building, the amount that had been previously recognized in revaluation fund is directly recognized in retained earnings.

- *Actuarial Losses Arising from Defined Benefit Plans*

The amendment in TAS 19, ‘Employee Benefits’ does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted in the statement of profit or loss. The gain and loss arising from the changes in the actuarial assumption are accounted for by “Funds for actuarial gain/loss on employee termination benefits” under the equity accounts.

The funds for actuarial gain/(loss) arising from employee termination benefits is other comprehensive income/(loss) not to be reclassified under profit or loss in subsequent periods.

c) Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss

- *Foreign Currency Translation Differences*

It arises from exchange differences arising from the translation of consolidated financial statements of foreign subsidiaries of the Group to reporting currency of TRY and accounted for under equity.

d) Repurchased shares

e) It consists of shares repurchased by the Group within the scope of liquidity provider transactions carried out within the framework of CMB legislation. The repurchased shares of the Company are traded at Borsa Istanbul at market prices on the date of the transaction; It is accounted for in the "Repurchased shares" accounts, including the parts of the repurchased shares that exceed their nominal value.

f) Retained Earnings:

- *Dividends Distribution*

Dividends are distributed according to Communiqué Serial: II-19.1 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”.

Principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB it is stipulated that companies which have the obligation to prepare consolidated financial statements. Calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books. In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their date of issue and acquisition.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

f) Retained Earnings (Continued):

In accordance with the decision taken at the Ordinary General Assembly meeting of the Company on 4 April 2023, it was decided to distribute 514,767,301 TRY from the distributed net profit of 2022 as dividends and after deducting TRY206,825,109 distributed as advance dividend in 2023, the remaining amount was paid in full during the period. With the said dividend distribution decision, the company allocated restricted spare allocated from the profit in the amounts of TRY33,652,912

In accordance with the decision taken at the Extraordinary General Assembly meeting of the Company on 10 July 2023, the Company carried out the distribution of 197.847.680 TRY from the period of the period of the interim accounting period dated 1 January - 30 June 2023 and was paid during the period and paid during the period. The reserve was not reserved in the distribution of this advance dividend and the relevant distinction will be made at the General Assembly to be held in 2024.

In accordance with the Company's decision taken on September 5, 2023, the Company distributed a gross advance dividend of 141,478,299 TL from the period profit as of the interim accounting period and was paid within the period. No reserve has been set aside for the said advance dividend distribution, and the relevant distinction will be made at the General Assembly to be held in 2024.

The details of the "Retained Years Profits or Losses" item in the Company's balance sheet prepared in accordance with TFRS within the scope of the first transition to TMS 29 inflation accounting are as follows:

	1 January 2022 Amount before Inflation Accounting	1 January 2022 Amount after Inflation Accounting	31 December 2022 Amount before Inflation Accounting	31 December 2022 Amount after Inflation Accounting
Retained Earnings	640,711,108	2,230,468,260	1,131,985,398	2,106,247,206

NOTE 16 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	7,834,020,455	7,643,186,375
Export sales	1,487,056,087	1,791,425,793
Net sales	9,321,076,542	9,434,612,168
Cost of sales	(5,786,558,115)	(6,922,983,847)
Gross profit	3,534,518,427	2,511,628,321

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Raw materials and supplies	4,594,209,964	6,006,879,506
Personnel expenses	1,049,950,087	729,191,135
Consultancy expenses	329,913,213	271,961,665
Depreciation and amortization expenses	263,701,101	256,799,722
Customs clearance and shipping costs	227,548,634	286,409,522
Other	703,105,657	585,371,557
	7,168,428,656	8,136,613,107

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES

i) General administrative expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Consultancy expenses	295,132,416	253,008,540
Personnel expenses	145,970,174	146,756,169
Depreciation and amortization	23,954,902	21,048,505
Energy expenses	9,403,664	11,022,482
Other	15,065,723	34,286,821
	489,526,879	466,122,517

ii) Marketing expenses:

Personnel expenses	364,297,899	247,259,262
Customs clearance and shipping costs	199,784,016	263,430,437
Dealer incentive, fair and meeting expenses	105,947,274	89,036,965
Advertising expenses	77,711,401	47,305,137
Depreciation and amortization	57,835,975	50,172,414
Other	72,412,171	37,973,292
	877,988,736	735,177,507

NOTE 19 - OTHER INCOME/ EXPENSES FROM OPERATING ACTIVITIES

i) Other operating income:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gain	252,044,416	273,724,424
Interest income	74,946,061	49,205,711
Scrap sales income	6,329,156	8,511,837
Other	24,745,724	34,316,720
	358,065,357	365,758,692

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 19 - OTHER INCOME/ EXPENSES FROM OPERATING ACTIVITIES (Continued)

ii) Other operating expenses:

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange loss	455,304,442	536,435,923
Provision for doubtful receivables	63,639,945	38,085,166
Due date difference	240,714	308,214
Other	47,998,124	35,031,960
	566,942,511	609,553,049

NOTE 20 - INCOME FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	93,016,812	62,069,537
Gain on sale of property, plant and equipment, net	33,156,334	35,807,048
Reversal of impairment of property, plant and equipment	41,299,869	-
Other	2,454,917	-
	169,927,932	97,876,585

NOTE 21 - FINANCIAL INCOME/EXPENSES

i) Finance income

	1 January - 31 December 2023	1 January - 31 December 2022
Income from derivative transactions	110,355,631	189,769,361
Foreign exchange gain	180,234,729	55,219,407
Other	-	48,109,960
	290,590,360	293,098,728

ii) Finance expense

Foreign exchange loss	47,350,787	76,344,125
Interest expense	42,124,803	65,677,838
Bank and commission expenses	29,634,566	46,291,969
Expense from derivative transactions	29,978,455	39,198,949
Termination benefits interest cost	16,003,841	6,191,769
Other	32,278,539	15,044,272
	197,370,991	248,748,922

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - NON-CURRENT ASSETS HELD FOR SALE

Assets classified for sale as of 31 December 2023 and 2022 are as follows:

	2023	2022
Opening balance	279,923,976	277,089,884
Additions during the semester	7,100,918	17,266,051
Disposal during the period (-)	(15,284,794)	(14,431,959)
Closing balance	271,740,100	279,923,976

**NOTE 23 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND
LIABILITIES)**

a) Corporate tax

The Company and its subsidiaries, affiliates and joint ventures established in Turkey and other countries within the scope of consolidation are subject to the applicable tax legislation and practices of the countries in which they operate.

In Turkey, the corporate tax rate is 25% for 2023 (2022: 23%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

In Turkey, the general corporate tax rate is 25%. However, within the scope of the "Law on the Collection Procedure of Public Receivables and the Law on Amendments to Certain Laws" published in the Official Gazette dated April 22, 2021, this rate will be applied to the corporate profits of the institutions for the 2021 taxation period, starting from the declarations that must be submitted as of July 1, 2021. 23% will be applied as 20% for corporate earnings for the 2022 taxation period (31 December 2022: 20%). Losses can be carried forward for a maximum of 5 years to be deducted from taxable profits in future years. However, losses cannot be deducted retroactively from profits made in previous years.

Companies calculate a 25% temporary tax on their quarterly financial profits and declare it until the 14th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years.

Dividend payments made to resident companies in Turkey, to those not liable and exempt from corporate tax and income tax, and to real persons resident and non-resident in Turkey, and to legal entities that are not resident in Turkey are subject to 10% income tax.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 23 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND
LIABILITIES) (Continued)**

a) Corporate tax (Continued)

Dividend payments from companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, tax liabilities reflected in the consolidated financial statements of the Group have been calculated separately for all companies included in the scope of consolidation. In the financial statements of 31 December 2023 and 2022, the tax amounts to be paid are netted for each Subsidiary and are classified separately in the consolidated financial statements.

	31 December 2023	31 December 2022
Current corporate tax expense	(384,651,488)	(365,900,863)
Prepaid taxes during the period (-)	408,333,711	259,469,272
Monetary loss/gain	(49,393,578)	1,248,675
Corporate taxes (liabilities)/assets	(25,711,355)	(105,182,916)

Tax expenses included in the consolidated income statements for the years ended 31 December 2023 and 2022 are summarized below:

	1 January - 31 December 2023	1 January - 31 December 2022
Current corporate tax expense	(384,651,488)	(365,900,863)
Deferred tax income/(loss)	(208,484,987)	(124,935,934)
Total tax loss	(593,136,475)	(490,836,797)

Reconciliation of tax expense is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	1,097,289,416	755,729,483
Tax expense calculated using the current tax rate	(274,322,354)	(173,817,781)
Investment incentive exception effect under article	34,637,093	8,621,680
Additional tax (*)	(21,632,450)	-
Disallowable expenses	(34,243,436)	(47,471,607)
Inflation effect in accordance with TPL (**)	65,220,184	-
Effect of monetary loss and gain	(360,689,265)	(291,088,075)
Other	(2,106,247)	12,918,986
Total tax expense	(593,136,475)	(490,836,797)

(*) It is the amount related to the additional tax calculated due to earthquake within the scope of Law No. 7440.

(**) It consists of the deferred tax effect of temporary differences created by the adjustments made regarding inflation accounting, together with the Communiqué No. 32415 (2nd Duplicate) of the Tax Procedure Law dated 30 December 2023.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 23 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND
LIABILITIES) (Continued)**

a) Corporate tax (Continued)

A significant part of the disallowable expense, with the communiqué published in the Official Gazette dated 25 May 2021 by the Revenue Administration, the interest, commission, due date difference, foreign exchange difference and exchange rate related to foreign resources, exclusively for the portion of the Company's foreign resources used exceeding its own resources, it consists of accepting the sum of expenses and costs made under similar names as disallowable expense.

b) Deferred taxes

The Group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of the different evaluations of balance sheet items between CMB Financial Reporting Standards and Tax Procedure Law.

The effects of deferred tax assets and liabilities as of 31 December 2023 and 31 December 2022 are summarized below, using the applicable tax rates as of the balance sheet date:

	Cumulative Temporary Differences		Deferred Income Tax Asset/(Liability)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Effect of investment incentives	-	-		36,921,961
Adjustment related to property, plant and equipment and intangible assets	1,898,223,066	2,929,456,125	(547,664,135)	(525,406,658)
Adjustments related to leasing transactions	31,835,887	12,910,073	(7,958,972)	(2,582,015)
Provisions for employment termination benefits	89,973,340	(112,648,663)	22,244,912	22,279,383
Provisions for doubtful receivables	(135,575,800)	(96,020,702)	33,893,950	19,204,140
Warranty provision	(27,062,000)	(10,670,917)	6,765,500	2,134,183
Provision for litigation	(9,087,753)	(10,609,507)	2,271,938	2,121,901
Adjustment related to inventories	78,423,172	43,334,866	(19,605,793)	(8,666,973)
Provisions for unused vacation	(13,015,140)	(8,560,083)	3,253,785	1,712,017
Adjustment related to trade receivables	(141,271,148)	(119,432,149)	35,317,787	23,886,430
Other temporary differences	(95,806,845)	(58,519,082)	23,951,711	11,703,818
Deferred tax assets/ (liabilities), net			(447,529,317)	(416,691,813)

Deferred tax assets and liabilities recognized in statement of financial position is as follows:

	2023	2022
1 January	(416,691,813)	(190,650,812)
Recognized in statement of profit or loss	(208,484,987)	(124,935,934)
Recognized in other comprehensive income/(expenses)	181,883,156	(96,076,599)
Foreign currency translation	(4,235,674)	(5,028,468)
31 December	(447,529,317)	(416,691,813)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 23 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND
LIABILITIES) (Continued)**

b) Deferred taxes (Continued)

Within the scope of the Law No. 7456, which entered into force after being published in the Official Gazette dated July 15, 2023, "On the Creation of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023, and on Amending Certain Laws and the Decree Law No. 375". The corporate tax rate has been increased to 25% for provisional returns to be submitted after October 2023. It will be applied as 25% starting from 2024.

Within the scope of the Law on the Collection of Public Receivables No. 7316 dated April 22, 2021, and the Amendment of some Laws, the tax assets and obligations postponed in the financial statements dated 31 December 2022 for the period and 23 % for the tax impact of the temporary differences in 2022 period and 20 % for the period of 2023 The ratio was calculated and the postponed tax assets and obligations in the financial statements dated 31 December 2023 were calculated by 25 %.

While the corporate tax exemption for gains from the sale of immovable properties acquired after July 15, 2023 and held in the assets of corporate taxpayers for at least 2 years has been completely abolished, the corporate tax exemption on the sales gains of immovable properties acquired before this date has been reduced from 50% to 25%. . The regulation entered into force as of July 15, 2023.

A general tax audit for the 2020 fiscal period was initiated by the tax offices affiliated with the Ministry of Finance on March 7, 2022. A report was received from tax inspectors on October 24, 2022. The relevant report is against the Company and the total amount is 6,416,748 TL. The company concluded the matter by paying 1,628,732 TL for the relevant tax audit on July 31, 2023.

The tax audit conducted by the Tax Inspection Board of the Ministry of Treasury and Finance of the Republic of Turkey for the 2020, 2021 and 2022 fiscal years has been concluded. A tax penalty was notified by the Presidency. The company applied for tax amnesty for the penalties for the 2020 and 2021 periods and made a payment of 3,504,783 TL. The company has applied for reconciliation for the 2022 period and the result is awaited.

Two new tax inspections were initiated in 2023 by the Tax Inspection Board of the Ministry of Treasury and Finance of the Republic of Turkey. The review periods are the 2020 and 2019 accounting years, and the scope of the review is reported as general corporate tax withholding. The Company applied for reconciliation and on February 2, 2024, a penalty of 2,956,460 TL was agreed between the Tax Office and the Company. A total payment of 5,293,212 TL for penalties and interest was made on February 3, 2024.

NOTE 24 - EARNINGS PER SHARE

The calculation of earnings per share is based on net profit attributable to equity holders of the parent divided by weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “Bonus Share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 24 - EARNINGS PER SHARE (Continued)

	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period from continuing operations	504,152,941	264,892,686
Weighted average number of common shares	8,098,079,300	8,098,079,300
Continuing operations earnings per share (TRY)	0.0623	0.0327

**NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL
INSTRUMENTS**

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are price risk, currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability and volatility of financial markets and aims to minimize potential adverse effects on the Group's financial performance.

Some of the major financial instruments of the Group are bank loans, cash, short and long term bank deposits. The main purpose in using these tools is to create financing for the operations of the Group. The Group also has financial instruments such as trade receivables and trade payables that arise directly from operations.

Group management manages these risks as stated below. The Group also monitors the market risk that may arise from the use of financial instruments.

i. Currency Risk

Price risk is a combination of foreign currency, interest and market risk and is naturally managed by the Group through the matching of debts and receivables in the same currency, assets and liabilities bearing interest. Market risk is closely monitored by the Group through the review of market information and appropriate valuation methods.

ii. Interest rate risk

The Group does not have any significant interest sensitive assets. Cash flows from the Group's income and operations are largely independent of changes in market interest rates.

Since the Group does not have assets and liabilities with variable interest rates as of 31 December 2023 and 2022, the Group is not exposed to interest rate risk.

The interest rate risk of the Group arises from short and long term borrowing. Credits to be obtained in the future for the continuation of the operations of the Group are affected by the interest rates to be realized in the upcoming period.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL
INSTRUMENTS (Continued)**

iii. Liquidity risk (Continued)

The Company’s liquidity analysis in respect of categories of financial liabilities as of 31 December 2023 and 2022 are as follows:

31 December 2023:

Contractual maturity dates:	Carrying value	Total Cash Outflows Per Agreement	Less than 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial liabilities:						
Bank borrowings	131,590,763	299,607,201	44,869,014	111,561,460	143,176,727	-
Lease liabilities	88,781,682	157,985,715	11,020,024	33,060,069	90,112,011	23,793,611
Trade payables	1,968,665,764	1,968,665,764	297,732,955	1,670,932,809	-	-
	2,066,682,735	2,303,903,206	231,266,519	1,815,554,338	233,288,738	23,793,611

31 December 2022:

Contractual maturity dates:	Carrying value	Total Cash Outflows Per Agreement	Less than 3 months	3 - 12 months	1 - 5 years	> 5 years
Non-derivative financial liabilities:						
Bank borrowings	366,255,649	440,108,790	29,590,725	103,164,540	307,353,525	-
Lease liabilities	102,196,845	131,108,078	9,145,220	27,435,658	74,781,524	19,745,676
Trade payables	1,972,254,119	1,972,254,119	183,428,442	1,788,825,677	-	-
	2,440,706,613	2,543,470,987	222,164,387	1,919,425,875	382,135,049	19,745,676

iv. Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks, trade receivables from related parties and other trade receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has established an effective control system over its dealer network and risks arising from transactions with dealers are followed by obtaining sufficient amounts of guarantees from the dealers (excluding related parties) for dealing with credit risk. The Group manages this risk from dealers and direct customers by limiting the credit lines according to the amount of the guarantees received and updating these guarantees frequently. The credit quality of each customer is re-evaluated frequently on the basis of the financial position of the customer, past experiences and other factors.

Trade receivables are evaluated by Group management on the basis of past experiences and current economic conditions.

The Group tries to manage credit risk by spreading its sales activities over a wide area, avoiding undesirable concentrations on individuals or groups in a certain sector or region. The Group also receives collateral from its customers when it deems necessary.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

iv. Credit risk (Continued)

Information on overdue and collateral structure of receivables and cash and cash equivalents are as follows:

	Trade receivables (Note 5)	Trade receivables from related parties (Note 3)	Cheques in collection (Note 4)	Cash on deposit (Note 4)
31 December 2023				
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E)(1)	2,500,409,762	344,233,646	126,459,453	677,360,261
The part of maximum credit risk covered with guarantees et	618,052,632	-	126,459,453	-
A. Net book value of financial assets not due or not impaired	2,419,181,539	150,740,735	126,459,453	677,360,261
- The part covered by guarantees etc.	-	-	126,459,453	-
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired	-	-	-	-
- The part covered by guarantees etc.	-	-	-	-
C. Net book value of assets past due but not impaired	81,228,223	193,492,911	-	-
- The part covered by guarantees etc.	-	-	-	-
D. Net book value of assets impaired	-	-	-	-
Past due (gross book value)	69,572,230	-	-	-
Impairment (-)	(69,572,230)	-	-	-
The part of net value covered with guarantees etc.	(69,572,230)	-	-	-
Not due (gross book value)	66,003,570	-	-	-
Impairment (-)	(66,003,570)	-	-	-
The part of net value covered with guarantees etc.	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-
	Trade receivables (Note 5)	Trade receivables from related parties (Note 3)	Cheques in collection (Note 4)	Cash on deposit (Note 4)
31 December 2022				
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E)(1)	2,573,611,338	643,964,895	72,592,869	595,939,785
The part of maximum credit risk covered with guarantees etc.	682,531,281	-	72,592,869	-
A. Net book value of financial assets not due or not impaired	2,488,163,920	264,414,435	72,592,869	595,939,785
- The part covered by guarantees etc.	674,111,385	-	72,592,869	-
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired	-	-	-	-
- The part covered by guarantees etc.	-	-	-	-
C. Net book value of assets past due but not impaired	85,447,418	379,550,460	-	-
- The part covered by guarantees etc.	8,419,896	-	-	-
D. Net book value of assets impaired	-	-	-	-
Past due (gross book value)	79,370,848	-	-	-
Impairment (-)	(79,370,848)	-	-	-
The part of net value covered with guarantees etc.	-	-	-	-
Not due (gross book value)	49,001,372	-	-	-
Impairment (-)	(49,001,372)	-	-	-
The part of net value covered with guarantees etc.	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-

1) In determining the amount, guarantees received and factors that increase credit reliability are not taken into account.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

v. Foreign Currency Risk

The Group's foreign currencies primarily EUR, USD and AUD denominated assets and liabilities are exposed to exchange rate risk as a result of exchange rate fluctuations.

The Company and its Subsidiaries are also exposed to foreign exchange risk due to the transactions made. This foreign exchange risk arises from sales and purchases of goods and receiving bank loans denominated in currencies other than the Group's functional currency.

The Group monitors its foreign exchange risk by maintaining the balance between its foreign currency assets and liabilities and changing its pricing policy in line with the currency fluctuations, and also by analyzing its foreign currency position. As of 31 December 2023 and 31 December 2022, the Group's net foreign currency position is as follows:

On a total basis;

	31 December 2023 (TRY Amount)	31 December 2022 (TRY Amount)
A. Assets denominated in foreign currency	1,134,368,675	1,027,692,844
B. Liabilities denominated in foreign currency	(1,197,984,563)	(1,369,030,634)
Net foreign currency position (A+B)	(63,615,888)	(341,337,790)

The foreign currency position of the Group as of 31 December 2023 is as follows:

	TRY Equivalent	USD	EUR	AUD
1. Trade receivables	703,296,160	7,531,692	14,417,621	596,293
2a. Monetary financial assets (cash, bank accounts included)	427,557,355	14,474,257	44,861	-
2b. Non-monetary financial assets				
3. Other	3,515,160	51,061	61,768	-
4. Current assets (1+2+3)	1,134,368,675	22,057,010	14,524,249	596,293
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets				
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	1,134,368,675	22,057,010	14,524,249	596,293
10. Trade payables	1,165,321,136	29,377,055	9,161,195	-
11. Financial liabilities	30,827	-	945	-
12a. Monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short-term liabilities (10+11+12)	1,165,351,963	29,377,055	9,162,139	-
14. Trade payables	-	-	-	-
15. Financial liabilities	32,632,600	-	1,000,000	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long-term liabilities (14+15+16)	32,632,600	-	1,000,000	-
18. Total liabilities (13+17)	1,197,984,563	29,377,055	10,162,139	-
19. Net asset/(liability) position of / off - balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(30,983,288)	(7,320,045)	5,362,110	596,293
21. Net foreign currency asset/ (liability)position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(67,131,048)	(7,371,106)	4,300,342	596,293
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export (*)	950,482,234	9,352,282	26,980,214	2,256,370
24. Import (*)	1,769,301,552	51,896,713	20,902,185	-

(*) Average rate of exchange is used.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL
INSTRUMENTS (Continued)**

v. Foreign Currency Risk (Continued)

The foreign currency position of the Group as of 31 December 2022 is as follows:

	TRY Equivalent	USD	EUR	AUD
1. Trade receivables	991,598,863	11,696,482	17,659,778	2,451,014
2a. Monetary financial assets (cash, bank accounts included)	34,910,919	238,634	838,993	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	1,183,061	-	36,017	-
4. Current assets (1+2+3)	1,027,692,844	11,935,116	18,534,788	2,451,014
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	1,027,692,844	11,935,116	18,534,788	2,451,014
10. Trade payables	1,336,093,068	29,364,351	13,059,883	-
11. Financial liabilities	31,096	-	945	-
12a. Monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Short-term liabilities (10+11+12)	1,336,124,164	29,364,351	13,060,828	-
14. Trade payables	-	-	-	-
15. Financial liabilities	32,906,470	-	1,000,000	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long-term liabilities (14+15+16)	32,906,470	-	1,000,000	-
18. Total liabilities (13+17)	1,369,030,634	29,364,351	14,060,828	-
19. Net asset/(liability) position of / off - balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(341,337,790)	(17,429,235)	4,473,960	2,451,014
21. Net foreign currency asset/ (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(342,520,851)	(17,429,235)	4,437,943	2,451,014
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export (*)	1,403,069,092	9,726,792	37,553,766	3,361,332
24. Import (*)	2,608,950,824	65,663,487	28,596,140	-

(*) Average rate of exchange is used.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL
INSTRUMENTS (Continued)**

v. Foreign Currency Risk (Continued)

The Company and its Subsidiaries are exposed to foreign currency risk due to exchange rate fluctuations while translating to Turkish Lira the foreign currency payables and receivables arising from trade operations with foreign entities. Such risks are monitored and controlled by regular analysis of the foreign currency position. The Company and its Subsidiaries follow a policy of diversifying their foreign currency position in order to manage foreign currency risk that may arise from future trade operations and the related assets and liabilities recognized.

As of 31 December 2023 and 31 December 2022 the Group’s profit before tax and shareholders' equity as presented by the amounts below in case of a consequently 10% increase or decrease in the foreign exchange rates (especially USD, EUR and AUD), with all other variables held constant:

31 December 2023

	Profit/(Loss)		Equity	
	Foreign Currency Appreciation	Foreign Currency Depreciation	Foreign Currency Appreciation	Foreign Currency Depreciation
Change of USD Against TRY by 10%:				
1- USD net assets/liabilities	(21,704,887)	21,704,887	(21,704,887)	21,704,887
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	(21,704,887)	21,704,887	(21,704,887)	21,704,887
Change of EUR Against TRY by 10%:				
4- EUR net assets/liabilities	14,149,441	(14,149,441)	14,149,441	(14,149,441)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	14,149,441	(14,149,441)	14,149,441	(14,149,441)
Change of AUD Average Against TRY by 10%:				
7- AUD net assets/liabilities	1,193,856	(1,193,856)	1,193,856	(1,193,856)
8- AUD hedged from risks (-)	-	-	-	-
9- AUD net effect (7+8)	1,193,856	(1,193,856)	1,193,856	(1,193,856)
Total (3+6+9)	(3,098,329)	3,098,329	(3,098,329)	3,098,329

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 25 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL
INSTRUMENTS (Continued)**

v. Foreign Currency Risk (Continued)

31 December 2022

	<u>Profit/(Loss)</u>		<u>Equity</u>	
	<u>Foreign Currency Appreciation</u>	<u>Foreign Currency Depreciation</u>	<u>Foreign Currency Appreciation</u>	<u>Foreign Currency Depreciation</u>
Change of USD Against TRY by 10%:				
1- USD net assets/liabilities	(53,699,011)	53,699,011	(53,699,011)	53,699,011
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1+2)	(53,699,011)	53,699,011	(53,699,011)	53,699,011
Change of EUR Against TRY by 10%:				
4- EUR net assets/liabilities	14,695,757	(14,695,757)	14,695,757	(14,695,757)
5- EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4+5)	14,695,757	(14,695,757)	14,695,757	(14,695,757)
Change of AUD Average Against TRY by 10%:				
7- AUD net assets/liabilities	5,115,703	(5,115,703)	5,115,703	(5,115,703)
8- AUD hedged from risks (-)	-	-	-	-
9- AUD net effect (7+8)	5,115,703	(5,115,703)	5,115,703	(5,115,703)
Total (3+6+9)	(33,887,551)	33,887,551	(33,887,551)	33,887,551

vi) Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of debt/equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including short-term financial liabilities, current portion of long-term financial liabilities, long-term financial liabilities, less cash and cash equivalents).

	31 December 2023	31 December 2022
Total financial debt	4,669,260,395	4,678,137,923
Less: Cash and cash equivalents (Note 4)	(803,819,714)	(668,532,655)
Net liabilities (A)	3,865,440,681	4,009,605,268
Total equity (B)	4,539,631,464	3,975,601,005
Total invested capital (A+B)	8,405,072,145	7,985,206,273
Net liabilities/ total invested capital ratio	45%	50%

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 26 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK
MANAGEMENT DISCLOSURES)**

vi) Capital risk management (Continued)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

The methods and assumptions stated below are used in the estimation of the fair values of the financial instruments of which fair values are measurable.

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties are considered to approximate their respective carrying values due to their short-term nature. The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

Financial liabilities

Monetary liabilities with a fair value close to their carrying value:

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts, they are considered to approximate to their fair values, and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

Fair value hierarchy table

The Group’s financials classification of fair value of asset and liabilities were as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 26 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK
MANAGEMENT DISCLOSURES) (Continued)**

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 31 December 2023 and 2022:

31 December 2023	Level 1	Level 2 (*)	Level 3
Derivative financial liabilities	-	11,958,441	-
31 December 2022	Level 1	Level 2 (*)	Level 3
Derivative financial liabilities	-	4,129,521	-

(*) The fair value is calculated by reference to the original maturity rate, the market interest rates valid for the remainder of the contract for the relevant currency.

The following table presents the Group’s non-financial assets that are measured at fair value at 31 December 2023 and 2022:

31 December 2023	Level 1	Level 2	Level 3	Total
<i>Property plant and equipment:</i>				
Land	-	915,530,000	-	915,530,000
Buildings, land and land improvements	-	1,874,650,000	-	1,874,650,000
Total assets	-	2,790,180,000	-	2,790,180,000

31 December 2022	Level 1	Level 2	Level 3	Total
<i>Property plant and equipment:</i>				
Land	-	664,199,635	-	664,199,635
Buildings, land and land improvements	-	1,474,752,224	-	1,474,752,224
Total assets	-	2,138,951,859	-	2,138,951,859

NOTE 27 - EVENTS AFTER THE REPORTING PERIOD

In accordance with the decision taken at the Company's Board of Directors meeting held on 21 February 2024, it was decided to distribute a gross amount of 431,270,000 TL from the net period profit based on the interim financial statements as advance dividends and it was paid on 28 March 2024.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EGE PROFİL TİCARET VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 28 - FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT
AUDITOR/INDEPENDENT AUDIT AGENCY**

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POAASA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

Independent audit fee for the reporting period	3,501,694	4,417,654
Fee for other services	-	101,630
	3,501,694	4,519,284

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