

**MODA BAGNO IC VE DIS TICARET
INSAAT TURIZM VE SANAYI A.S.
Financial Statements
For the year ended December 31, 2022
(Including Auditors' Report)**

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

Table of Contents

	<u>Page</u>
Auditors' Report	3
Balance Sheets	4
Statement of Income	5
Statement of Changes in Shareholder's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-22
Schedule of Net Sales	22
Schedule of Cost of Goods Sold	22
Schedule of Marketing and Selling Expenses	22
Schedule of General and Administration Expenses	23
Schedule of Financial Expenses and Income	23
Schedule of Other Income and Expenses	24
Auditing Techniques and Procedures Applied	25-26

**To the Board of Directors and Shareholders of
Moda Bagno Ic ve Dis Ticaret Insaat Turizm ve Sanayi A.S.**

We have audited the accompanying financial statements of **Moda Bagno Ic ve Dis Ticaret Insaat Turizm ve Sanayi A.S.**, which comprise the balance sheet as of 31 December 2022, and income statement, the statement of changes in equity and the statement of cash flows for the term ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Audit Company Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit also comprehended the translation of the Turkish Lira amounts into EUR amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3 and presented solely for the convenience of the readers outside Turkey.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Moda Bagno Ic ve Dis Ticaret Insaat Turizm ve Sanayi A.S.** as of 31 December 2022, and of its financial performance and its cash flows for the term ended in accordance with International Financial Reporting Standards.

Istanbul, 30 January 2023

ISIK Yeminli Mali Musavirlik ve Bağımsız Denetim A.S.
An independent member of BKR International

Ash Şahin Özacar
Audit Partner

Statement of financial position of MODA BAGNO IC VE DIS TICARET INSAAT VE TURIZM A.S.
(amounts in EUR and TL)

	Note	Revised (IAS	Revised (IAS 29	Revised (IAS	Revised (IAS 29
		29 Applied)	Applied)	29 Applied)	Applied)
		EUR	TL	EUR	TL
		31/12/2022	31/12/2022	31/12/2021	31/12/2021
Assets					
Non-current assets					
Trade and other receivables - net	5	-	-	-	-
Intangible assets - net	13	60.989	1.215.805	983	19.591
Goodwill - net		-	-	-	-
Property , Plant & Equipment - net	12	10.679	212.891	14.086	280.804
Investments in property - net		-	-	-	-
Rights of Use Assets	11	736.080	14.673.686	405.049	8.074.605
Deferred tax assets	16	24.285	484.123	399	7.948
Other non-current assets	10	3.657	72.907	4.216	84.054
Other non-current assets for sale		-	-	-	-
		835.691	16.659.411	424.733	8.467.002
Current assets					
Inventories - net	7	1.152.163	22.968.253	1.019.449	20.322.606
Trade and other receivables - net	5	10.563	210.565	17.369	346.253
Receivables from related parties	6	275.152	5.485.122	369.888	7.373.687
Receivables from shareholders		-	-	-	-
Advances Given	8	215.098	4.287.957	247.765	4.939.162
Prepaid expenses and other current assets	9	15.712	313.221	1.572	31.341
Financial lease receivables		-	-	-	-
Constraction contracts		-	-	-	-
Financial assets held for sale		-	-	-	-
Derivatives		-	-	-	-
Financial assets measured at fair value through profit and loss		-	-	-	-
Cash and cash equivalents	4	1.765.054	35.186.168	1.310.442	26.123.521
		3.433.741	68.451.287	2.966.484	59.136.570
Total assets		4.269.432	85.110.698	3.391.217	67.603.572
Equity					
Share capital	19	1.785.708	35.597.919	1.785.708	35.597.919
Actual Gains or Losses	21	-35.967	717.002	-26.687	532.007
Retained earnings/losses	20	-256.829	5.119.870	-927.999	18.499.569
Profit for the year		218.102	4.347.843	662.749	13.211.842
		1.274.810	25.413.203	1.493.771	29.778.184
Minority interest		-	-	-	-
Total equity		1.274.810	25.413.203	1.493.771	29.778.184
Liabilities					
Long term liabilities					
Loans		-	-	-	-
Derivatives		-	-	-	-
Government grants		-	-	-	-
Deferred tax liabilities		-	-	-	-
Other Financial Liabilities	11	553.721	11.038.363	-	-
Provision for employee benefits	18	75.124	1.497.584	61.218	1.220.372
Other provisions		-	-	-	-
		628.844	12.535.947	61.218	1.220.372
Short term liabilities					
Trade and other payables	14	255.115	5.085.701	20.139	401.467
Advances Received	15	1.771.852	35.321.691	1.221.723	24.354.926
Payables to Related Parties		-	-	-	-
Due to shareholders		-	-	-	-
Financial lease liabilities		-	-	-	-
Current tax liabilities	16	91.650	1.827.031	131.902	2.629.459
Other Financial Liabilities	11	225.718	4.499.663	338.259	6.743.157
Derivatives		-	-	-	-
Provisions for Taxation	17	21.443	427.462	124.205	2.476.008
Other liabilities		-	-	-	-
		2.365.778	47.161.548	1.836.228	36.605.016
Total liabilities		2.994.622	59.697.495	1.897.446	37.825.388
Total Equity and Liabilities		4.269.432	85.110.698	3.391.217	67.603.572
		0	0	-	-

Statement of Total Revenues of MODA BAGNO IC VE DIS TICARET INSAAT VE TURIZM A.S.
(amounts in EUR and TL)

	Note	1/1 - 31/12/2022		1/1 - 31/12/2021	
		Continuing activities	Continuing activities	Continuing activities	Continuing activities
		EUR	TL	EUR	TL
Total sales	S1	3.336.086	66.504.550	3.797.714	75.707.039
Cost of Sales	S2	-1.534.807	-30.596.216	-1.716.058	-34.209.444
Gross profit		1.801.280	35.908.334	2.081.656	41.497.596
Distribution expenses	S3	-24.045	-479.336	-23.530	-469.071
Administration expenses	S4	-731.255	-14.577.497	-831.714	-16.580.137
Other income/expenses (net)	S6	-134.524	-2.681.729	-104.290	-2.079.017
Operating results		911.455	18.169.772	1.122.121	22.369.370
Financial income/expenses (net)	S5	-21.200	-422.616	320.884	6.396.784
Profit / (Loss) before monetary gain/(loss)		890.256	17.747.156	1.443.005	28.766.154
Monetary gain/(loss)		-947.020	-18.878.743	-420.009	-8.372.842
Profit / (Loss) before tax		-56.764	-1.131.588	1.022.995	20.393.312
Income tax	17	-161.338	-3.216.256	-360.246	-7.181.470
Profit / (Loss) after tax		-218.102	-4.347.843	662.749	13.211.842

Statement of Changes in Equity-MODA BAGNO IC VE DIS TICARET INSAAT VE TURIZM A.S.

(amounts in EUR and TL)

	EUR	EUR	EUR	EUR	EUR	EUR	EUR
	Share Capital	Capital Inflation Differences	Actual Gains or Losses	Retained earnings	Profit for the year	Minority interest	Exchange Differences
							Total
Balance as at 1/1/2022	200.621	1.585.087	-26.687	-927.999	662.749	-	1.493.771
Profit / (Loss) after taxes as at 31/12/2020	-	-	-	-	-218.102	-	-218.102
Actual Gains or Losses	-	-	9.280	-	-	-	-9.280
Transfer	-	-	-	662.749	-662.749	-	-
Increase / Decrease of share capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Acquirement of companies	-	-	-	-	-	-	-
Tax adjustment	-	-	-	8.420	-	-	8.420
Employee Termination Benefit	-	-	-	-	-	-	-
Balance as at 31/12/2022	200.621	1.585.087,34	-35.967	-256.829	-218.102	-	1.274.810
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
	Share Capital	Capital Inflation Differences	Actual Gains or Losses	Retained earnings	Profit for the year	Minority interest	Exchange Differences
							Total
Balance as at 1/1/2021	200.621	1.585.087,34	-10.500	-1.011.262	82.520	-	846.466
Profit / (Loss) after taxes as at 1/1/2020	-	-	-	-	662.749	-	662.749
Actual Gains or Losses	-	-	-16.188	-	-	-	-16.188
Transfer	-	-	-	82.520	-82.520	-	-
Increase / Decrease of share capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Acquirement of companies	-	-	-	-	-	-	-
Tax adjustment	-	-	-	743	-	-	743
Employee Termination Benefit	-	-	-	-	-	-	-
Balance as at 31/12/2021	200.621	1.585.087,34	-26.687	-927.999	662.749	-	1.493.771
	TL	TL	TL	TL	TL	TL	TL
	Share Capital	Capital Inflation Differences	Actual Gains or Losses	Retained earnings	Profit for the year	Minority interest	Exchange Differences
							Total
Balance as at 1/1/2021	3.999.361	31.598.557,62	-209.307	-20.159.412	1.645.025	-	16.874.225
Profit / (Loss) after taxes as at 1/1/2020	-	-	-	-	13.211.842	-	13.211.842
Actual Gains or Losses	-	-	-322.700	-	-	-	-322.700
Transfer	-	-	-	1.645.025	-1.645.025	-	-
Increase / Decrease of share capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Acquirement of companies	-	-	-	-	-	-	-
Tax adjustment	-	-	-	14.818	-	-	14.818
Employee Termination Benefit	-	-	-	-	-	-	-
Balance as at 31/12/2021	3.999.361	31.598.557,62	-532.007	-18.499.569	13.211.842	-	29.778.184
	TL	TL	TL	TL	TL	TL	TL
	Share Capital	Capital Inflation Differences	Actual Gains or Losses	Retained earnings	Profit for the year	Minority interest	Exchange Differences
							Total
Balance as at 1/1/2022	3.999.361	31.598.558	-532.007	-18.499.569	13.211.842	0	29.778.184
Profit / (Loss) after taxes	-	-	-	-	-4.347.843	-	-4.347.843
Actual Gains or Losses	-	-	-184.995	-	-	-	-184.995
Transfer	-	-	-	13.211.842	-13.211.842	-	-
Increase / Decrease of share capital	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Acquirement of companies	-	-	-	-	-	-	-
Tax adjustment	-	-	-	167.857	-	-	167.857
Employee Termination Benefit	-	-	-	-	-	-	-
Balance as at 31/12/2022	3.999.361	31.598.557,62	-717.002	-5.119.870	-4.347.843	-	25.413.203

Moda Bagno İç ve Dis Ticaret İnşaat ve Turizm A.Ş. nin Bağımsız Denetim A.Ş. tarafından denetlenmiştir. Denetim raporu ekte sunulmuştur ve ekte yer alan denetim raporuna başvurulmalıdır.

Cash Flow Statement-MODA BAGNO IC VE DIS TICARET INSAAT VE TURIZM A.S.
(amounts in EUR and TL)

	EUR	TL	EUR	TL
	1/1 - 31/12/2022	1/1 - 31/12/2022	1/1 - 31/12/2021	1/1 - 31/12/2021
<u>Cash flows from Operating activities</u>				
Profit / (Loss) before tax (Continuing activities)	-56.764	-1.131.588	1.022.995	20.393.312
Add / Deduct adjustments for:			-	-
Depreciation and amortization	255.165	5.086.691	337.370	6.725.445
Provisions	13.906	277.212	30.506	608.126
Add / deduct adjustments in changes of working capital accounts related to operating activities :				
(Increase) / Decrease of inventories	-132.714	-2.645.647	-54.489	-1.086.226
(Increase) / Decrease of receivables	120.629	2.404.724	-324.335	-6.465.593
Increase / (Decrease) of payables (except bank loans)	642.091	12.800.026	455.314	9.076.648
Minus:				-
Income Tax paid	-160.361	-3.196.782	-152.434	-3.038.758
<u>Net cash inflow/(outflow) from operating activities</u>	681.952	13.594.637	1.314.928	26.212.954
<u>Cash flows from Investing activities:</u>				
Purchases of tangible or intangible assets	-71.973	-1.434.765	-4.524	-90.187
Rights of Use Assets	-595.687	-11.874.957	- 433.650,55	-8.644.780
Actual Gains or Losses	-9.280	-184.995	- 16.187,71	-322.700
<u>Net cash inflow/(outflow) from investing activities</u>	5.012	99.920	860.565	17.155.286
<u>Cash flows from financing activities:</u>				
Other Financial payables	441.180	8.794.869	60.711	1.210.263
Previous year adjustment	8.420	167.857	743,30	14.817,66
<u>Net cash inflow/(outflow) from financing activities</u>	449.600	8.962.727	61.454	1.225.080
<u>Net increase/(decrease) in cash</u>	454.612	9.062.646	922.020	18.380.367
<u>Cash at beginning of year</u>	1.310.442	26.123.521	388.422	7.743.155
<u>Cash at end of the period</u>	1.765.054	35.186.168	1.310.442	26.123.521

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S. was established on September 5, 2000. The head office of the company locates in Aytar Cd. Nr: 20 1.Levent /İstanbul. The Company supplies high-end decoration products to the construction industry and final consumers.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company maintains its books of accounts and prepares its “Statutory Financial Statements” in accordance with Turkish Commercial Code and tax legislation (collectively, Turkish Practices”). These IFRS Financial Statements are based on the statutory records, which had been maintained under the historical cost conversion with adjustments and re-classifications including restatement for the changes in the general purchasing power of Turkish Lira for before 2006, for the purpose of true and fair presentation, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

3. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

a. The annual change in TL exchange rate against the Euro and the rates of the general price inflation in Turkey:

The annual change in TL exchange rate against the Euro can be compared with the rates of the general price inflation in Turkey according to the WPI as set out below:

Year	2022	2021	2020	2019	2018
Currency Deflation					
EUR (%)	19,34	62,99	35,44	10,33	33,50
PPI Inflation (%)	138,31	79,89	25,15	7,36	33,64

As of December 31, 2022 Euro = 19,9349 TL the exchange rate announced by the Turkish Central Bank (which is a market rate) .

b. Inventories

Inventories are stated at the lower of cost and net realizable value (market value less sales expenses) using the weighted average method. Cost comprises purchase cost and, where applicable, conversion costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

c. Trade Receivables and Trade Payables

Trade receivables are created by the Company by way of providing goods or services directly to a debtor. A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The Company has allocated the provision for the doubtful receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

d. Tangible Fixed Assets

Tangible assets that are acquired before 1 January 2006 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2005, less any accumulated depreciation and any impairment loss and tangible assets that are acquired after 1 January 2006 are carried at cost of acquisition, less any accumulated depreciation and any impairment loss. Gains or losses on disposals of tangible assets with respect to their restated amounts are included in the related income and expense accounts, as appropriate where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives. The rate of depreciation for tangible assets is as follows:

Motor Vehicles	%
	20
Furniture and fixtures	14-25

e. Intangible assets

Intangible assets that are acquired before 1 January 2006 are carried at their restated costs adjusted to the effects of inflation as of 31 December 2005, less any accumulated depreciation and any impairment loss and intangible assets that are acquired after 1 January 2006 are carried at cost of acquisition, less any accumulated depreciation and any impairment loss.

Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives. The rate of amortizations for intangible assets is as follows:

	%
Rights	20-33
Leasehold Improvements	20
Others	20-33

f. Impairment of assets:

At each balance sheet date, the Company reviews the carrying amounts of all of its assets, to determine whether there is any indication that those assets have suffered from an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) at each balance sheet date. The impairment losses are recognized in the income statement.

If the impairment loss of an asset is followed by an increase in its recoverable amount which can be also justified by a related event, the increase in the recoverable amount can be adjusted in the financial statements by reversing the recognized impairment loss to the extent that the adjustment should not exceed the total amount of the recognized impairment loss.

g. Borrowing costs

Interest expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take 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. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

h. Foreign Currency Transactions and Translation

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates announced by the Turkish Central Bank at Balance Sheet date. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of income. The accompanying financial statements are stated in Turkish Lira and translated into Euro solely for the convenience of the readers outside Turkey. The translations have been made at the rate of 16,3086 TL to 1 Euro, the buying rate of exchange at December 31, 2022 as published by the Turkish Central Bank.

i. Employees' Termination Benefits

According to the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Numerous changes or clarifications are made under the IAS 19 Employee Benefits Standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain under other comprehensive income and making the distinction

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement.

j. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

k. Taxation and deferred income taxes

Taxes on income for the year comprise of current tax and change in deferred taxes. The Company accounts for current and

red taxation on the results for the period, in accordance with IAS 12 ("Income Taxes" revised). Provision is made in the financial statements for the Company's estimated liability to Turkish corporation tax on its results for the year. The charge for the current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed.

Deferred tax assets and liabilities are recognized using the liability method in respect of material temporary differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled and charged or credited in the statement of income. Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

l. Related parties

For the purpose of these financial statements, major shareholders, directors and key management personnel together with their close family members and enterprises controlled by them, associated companies and subsidiaries are considered and referred to as related companies.

m. Accounting policies, change in accounting estimates and errors

Accounting principles, policies, assumptions and rules practiced in preparation of financial statements are determined and applied consistently in accordance with International Financial Reporting Standards (IFRS).

The Company can make changes to its accounting policies when such changes will reflect the companies' financial position, performance or cash flows in a more reliable manner. When the accounting policy change affects the current and the prior period results, the change is applied retroactively as if the accounting policy was in effect.

If the application of such change affects the financial results of the following periods, the accounting policy change is applied in the period in which such change is made.

Accounting estimates are made by using reliable data and proper estimating methods. When there are changes in the underlying assumptions, such as availability of new information or occurrence of new events, the company reviews these estimates. If the change in the accounting estimate affects just one period, the change is taken into account in the period in which the change is made. If the change in estimate affects the future periods, the change is applied prospectively.

Errors might stem from miscalculations, incorrect application of accounting policies or misinterpretation of the accounting standards. When the Company realizes a probable error, the financial statements are restated retroactively. The Company shall disclose the nature of error, aggregate amount of adjustments applied to the prior periods and each comparative period in which represents the aggregate amount of these adjustments.

n. Provisions, contingent liabilities, contingent assets

The Company shall recognize a provision when it has a present obligation as a result of a past event, and it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Contingent liabilities are reviewed consistently to determine whether there is a possibility of an outflow of resources embodying economic benefits from the company. For items of contingent liabilities, when a future outflow of resources embodying economic benefits from the company becomes probable, such contingent liabilities, except for the reliable estimate cannot be made, are recognized as a provision in the financial statements attributable to the period in which the change in the outflow of resources embodying economic benefits becomes probable. The Company, reflects its related liabilities in the notes to the extent that contingent liabilities are probable but there is no reliable assumption on the amount of resources embodying economic benefits.

An asset is defined as a contingent asset that arises 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 entity. A contingent asset is disclosed where an inflow of economic benefits is probable

o. Financial Risks

The Company' financial assets have mainly cash, cash equivalents and receivables. The main purposes of these assets are to provide the Company financial support. The main risks which occurred from financial instruments are credit risk, market risk (Interest Risk, Foreign Exchange Risk) and liquidity risk.

1. Credit Risk
2. Market Risk (Interest Risk, Foreign Exchange Risk)
3. Liquidity Risk

This note presents information about the Company's exposure to each of the above risks. It is The Board of Directors' responsibility to manage the above-mentioned risks

p. Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The Company is exposed to credit risk due to its sales. But these risks are mainly abrogated by receiving down payment from customers at taking an order and when goods reached to the customs. Trade receivables presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

	Total Balance	0-30 Days	30-60 Days	60-90 Days	90 -120 Days	120-360 Days	360-720 Days	720<
An analysis of age of financial assets that are not past due at the reporting date, nor impaired.								
	TL	TL	TL	TL	TL	TL	TL	TL
Trade receivables	210.565	59.721	-	-	-	-	53.120	97.724
Advances Given	4.287.957	-	321.597	964.790	3.001.570	-	-	-
An analysis of age of financial assets that are past due at the reporting date but not impaired								
	TL	TL	TL	TL	TL	TL	TL	TL
Receivables from related parties	5.485.122	-	-	-	-	-	-	5.485.122
An analysis of age of financial assets that are impaired at the reporting date								
	TL	TL	TL	TL	TL	TL	TL	TL
Trade receivables	121.804	-	-	-	-	-	-	121.804
Total	10.105.449	59.721	321.597	964.790	3.001.570	-	53.120	5.704.651
Percentage	100%	1%	3%	10%	30%	0%	1%	56%

	Total Balance	0-30 Days	30-60 Days	60-90 Days	90 -120 Days	120-360 Days	360-720 Days	720<
An analysis of age of financial assets that are not past due at the reporting date, nor impaired.								
	EUR	EUR	EUR	EUR	EUR	0EUR	EUR	EUR
Trade receivables	8.325	2.996	-	-	-	-	2.665	2.665
Advances Given	215.098	-	16.132	48.397	150.569	-	-	-
An analysis of age of financial assets that are past due at the reporting date but not impaired								
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Receivables from related parties	275.152	-	-	-	-	-	-	275.152
An analysis of age of financial assets that are impaired at the reporting date								
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Trade receivables	6.110	-	-	-	-	-	-	6.110
Total	504.685	2.996	16.132	48.397	150.569	-	2.665	283.926
Percentage	100%	1%	3%	10%	30%	0%	1%	56%

The amount that best represents its maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements is none. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is none.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

2. Market risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of foreign currency to Turkish Lira due to the nature of its business. Because of all the Company's imports and sales are in foreign currencies.

	31.12.2022			FX RISE % 10	EFFECT ON PL	FX DECREASE %10	EFFECT ON PL
	EUR	USD	TL	TL	TL	TL	TL
<u>Assets</u>							
<u>Current Assets</u>							
Cash	164	335.304	6.272.878	6.900.163	627.285	5.645.588	-627.290
Banks	544.107	-	10.846.728	11.931.401	1.084.673	9.762.056	-1.084.673
Trade Receivables	13.950	-	278.098	305.907	27.810	250.288	- 27.810
Receivables from Related Parties	275.152	-	5.485.122	6.033.634	548.512	4.936.610	-548.512
Advances Given	215.098	3.800	4.359.011	4.794.912	435.906	3.923.110	- 435.901
Total	1.048.471	339.104	27.241.836	29.966.017	2.724.186	24.517.651	-2.724.186
<u>Long Term Assets</u>							
Deposits Given	-	3.800	71.054	78.159	7.105	63.948	-7.105
TOTAL ASSETS	1.048.471	342.904	27.312.890	30.044.176	2.731.291	24.581.599	-2.731.291
<u>Current Liabilities</u>							
Trade Payables and Advances received	1.223.955	184.240	27.844.395	30.628.835	2.784.440	25.059.956	-2.784.440
Total Current liabilities	1.223.955	184.240	27.844.395	30.628.835	2.784.440	25.059.956	-2.784.440
<u>TOTAL LIABILITIES AND EQUITY</u>	1.223.955	184.240	27.844.395	30.628.835	2.784.440	25.059.956	-2.784.440
NET FX POSITION	-175.484	158.664	-531.506	-584.659	-53.148	-478.357	53.148

A decrease in foreign exchange rate of USD and EUR by 10% in foreign exchange rate would affect TL **53.148** decrease in the f/x position, If there occurs a % 10 increase in foreign exchange rate of USD and EUR, this will create a TL **53.148** increase in the f/x position.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

3. Liquidity risk

The Company is generally raising funds by liquidating its short-term financial instruments such as collecting its receivables. The Company's proceedings from these instruments generally approximate their fair values and collecting its receivables in due time.

	Total Balance	0-90 Days	90-180 Days	180-360 Days	360-720 Days	720<
A maturity analysis for financial liabilities that shows the remaining contractual maturities	EUR	EUR	EUR	EUR	EUR	EUR
Trade Payables	255.115	255.115	-	-	-	-
Advances Received	1.771.852	354.370	1.246.844	-	-	170.637
Other Short Term Payables	91.650	91.650	-	-	-	-
Total	2.118.617	701.136	1.246.844	-	-	170.637
%	100%	33%	59%	0%	0%	8%

	Total Balance	0-90 Days	90-180 Days	180-360 Days	360-720 Days	720<
A maturity analysis for financial liabilities that shows the remaining contractual maturities	TL	TL	TL	TL	TL	TL
Trade Payables	5.085.701	5.085.701	-	-	-	-
Advances Received	35.321.691	7.064.338	24.855.713	-	-	3.401.640
Other Short Term Payables	1.827.031	1.827.031	-	-	-	-
Total	42.234.424	13.977.070	24.855.713	-	-	3.401.640
%	100%	33%	59%	0%	0%	8%

4. Cash/Bank

As of December 31, 2022 the Cash and Bank accounts consisted of the following:

	December 31, 2022	
	EUR	TL
Cash in hand	311	6.208
Banks	1.764.742	35.179.960
TOTAL	1.765.054	35.186.168

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

5. Trade and Other Receivables

As of December 31, 2022 the Current Trade and Other Receivables consisted of the following:

Trade Receivables	December 31, 2022	
	EUR	TL
Trade receivables	10.563	210.565
Doubtful Receivables	6.110	121.804
Provision for Doubtful Receivables	(6.110)	(121.804)
TOTAL	10.563	210.565

6. Receivables from Related Parties

As of December 31, 2022 the Receivables from Related Parties consisted of the following:

	December 31, 2022	
	EUR	TL
Receivables from Moda Bagno Greece	275.152	5.485.122
TOTAL	275.152	5.485.122

The receivable from Moda Bagno Greece consisted of the balances, which occurred from the return of the goods to Moda Bagno Greece during current period and previous years.

7. Inventories

As of December 31, 2022 Inventories consisted of the following:

	December 31, 2022	
	EUR	TL
Trade Goods	1.152.163	22.968.253
TOTAL	1.152.163	22.968.253

The Company had performed stock counting As of December 31, 2022. The Company uses different stock systems in warehouse and accounting department. This difference causes a difficulty while performing stock counting.

8. Advances Given

As of December 31, 2022 Advances Given consisted of the following:

	December 31, 2022	
	EUR	TL
Advances Given	79.482	1.584.460
Advances Given Moda Bagno Greece	135.616	2.703.497
TOTAL	215.098	4.287.957

Advances are given for import of trade goods, customs and others.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

9. Other Current Assets

As of December 31, 2022 Other Current Assets consisted of the following:

	December 31, 2022	
	EUR	TL
VAT Carried Forward	14.759	294.221
Personnel Advances	953	19.000
TOTAL	15.712	313.221

10. Advances and Deposits Given

As of December 31, 2022 Long Term Advances and Deposits Given consisted of the following:

	December 31, 2022	
	EUR	TL
Rent Deposit Given	3.564	71.054
Electricity Deposit Given	71	1.422
Water Deposit Given	22	432
TOTAL	3.657	72.908

11. Rights of Use Assets

As of December 31, 2022 Rights of Use Assets consisted of the following:

	December 31, 2022	
	EUR	TL
Rights of Use Assets	974.809	19.432.719
Depreciation	(238.729)	(4.759.033)
TOTAL	736.080	14.673.686

	December 31, 2022	
	EUR	TL
Short Term Liabilities	225.718	4.499.663
Long Term Liabilities	553.721	11.038.363
TOTAL	779.438	15.538.026

12. Tangible Fixed Assets

The movement schedules of motor vehicles, furniture and fixtures and related accumulated depreciations are as follows As of December 31, 2022

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

	December 31, 2022	
	EUR	TL
Cost		
Vehicles	16.715	333.218
Furniture and Fixtures	7.263	144.784
Total	23.978	478.002
Accumulated Depreciation		
Vehicles	9.342	186.237
Furniture and Fixtures	3.957	78.874
Total	13.299	265.110
Net Fixed Assets	10.679	212.891

	31.12.2021	Addition	Disposals	31.12.2022
Cost	EUR	EUR	EUR	EUR
Vehicles	16.715	-	-	16.715
Furniture and Fixtures	6.725	538	-	7.263
TOTAL	23.440	538	-	23.978
Accumulated Depreciation				
Vehicles	5.999	3.343	-	9.342
Furniture and Fixtures	2.361	1.595	-	3.957
TOTAL	8.361	4.938	-	13.299
Net Book Value	15.080	-	-	10.679

	31.12.2021	Addition	Disposals	31.12.2022
Cost	TL	TL	TL	TL
Vehicles	333.218	-	-	333.218
Furniture and Fixtures	134.063	10.721	-	144.784
TOTAL	467.280	10.721	-	478.002
Accumulated Depreciation				
Vehicles	119.593	66.644	-	186.237
Furniture and Fixtures	47.073	31.801	-	78.874
TOTAL	166.666	98.445	-	265.110
Net Book Value	300.615	-	-	212.891

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

13. Intangible Fixed Assets

As of December 31, 2022 Intangible Fixed Assets consisted of the following:

	December 31, 2022	
	EUR	TL
Cost		
Rights	3.061	61.025
Leasehold Improvements	71.782	1.430.970
Other Intangible Fixed Assets	471	9.384
Total	75.314	1.501.379
Accumulated Depreciation		
Rights	2.882	57.450
Leasehold Improvements	11.241	224.083
Other Intangible Fixed Assets	203	4.041
Total	14.325	285.575
Net Fixed Assets	60.989	1.215.805

	31.12.2021	Addition	Disposals	31.12.2022
	TL	TL	TL	TL
Cost				
Rights	56.590	4.436	-	61.025
Leasehold Improvements	11.361	1.419.608	-	1.430.970
Other Intangible Fixed Assets	9.384	-	-	9.384
Total	77.335	1.424.044	-	1.501.379
Accumulated Depreciation				
Rights	54.740	2.711	-	57.450
Leasehold Improvements	706	223.377	-	224.083
Other Intangible Fixed Assets	916	3.125	-	4.041
TOTAL	56.362	229.213	-	285.575
Net Book Value	20.974	-	-	-

	31.12.2021	Addition	Disposals	31.12.2022
	EUR	EUR	EUR	EUR
Cost				
Rights	2.839	223	-	3.061
Leasehold Improvements	570	71.212	-	71.782
Other Intangible Fixed Assets	471	-	-	471
Total	3.879	71.435	-	75.314
Accumulated Depreciation				
Rights	2.746	136	-	2.882
Leasehold Improvements	35	11.205	-	11.241
Other Intangible Fixed Assets	46	157	-	203
TOTAL	2.827	11.498	-	14.325
Net Book Value	1.052	-	-	-

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

14. Trade Payables

As of December 31, 2022 Trade Payables consisted of the following:

	December 31, 2022	
	EUR	TL
Trade Payables	255.115	5.085.701
TOTAL	255.115	5.085.701

15. Advances Received

As of December 31, 2022 Advances Received consisted of the following:

	December 31, 2022	
	EUR	TL
Advances Received from Customers	1.771.852	35.321.691
TOTAL	1.771.852	35.321.691

Advances received from Customers consist of the down payments that the Company receives from customers, at the time of taking an order.

16. Other Short Term Payables

As of December 31, 2022 Other Short Term Payables consisted of the following:

	December 31, 2022	
	EUR	TL
Payables to Personnel	72.372	1.442.728
Taxes Payables	14.785	294.747
Social Security Premiums Payables	4.492	89.556
TOTAL	91.650	1.827.031

17. Taxation on Profit

In Turkey companies are subject to corporation tax as of 31 December 2022 at the rate of 23% on their taxable income computed based upon statutory financial statements. On the other hand, if the 100 % of the investment allowance is used then, it is not subject to corporate tax because it is an incentive; however the allowed amount is subject to % 19, 8 withholding tax. If 40% of the investment allowance is used then the total amount is not subject to corporate tax in 2005. Effective from 01.01.2006, investment allowance has been abolished.

Effective from April 24, 2003, income will not be subject to the withholding taxes if it is undistributed, is transferred to share capital or is distributed to the resident tax-paying companies.

Where profits are distributed

- Resident taxpaying real persons,
- To corporation or real persons who are exempt from income and corporate tax,
- To corporations or taxpayers who are not income or corporate tax payers,
- To non-resident corporations,
- To non-resident real persons,
- To those who are exempt from income tax, a 15 % withholding tax is applied.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

However profit distributions up to December 31, 2004 shall be subject to an effective tax rate of 11 % due to the continuation of the fund levy until that date.

According Tax Procedural Law; the books and documents of a company belonging to past five years can be subject to a tax inspection.

The Company had losses for last five years. If tax authorities make tax inspection in the Company and find any tax base differences, they will ask for additional taxes with penalties. These taxes will be offset from the previous years' losses. If still there are more taxes payable, these should be paid with penalties. As of December 31, 2022 The Company's tax calculation is as follows:

	December 31, 2022	
	EUR	TL
Profit before tax as per statutory Financial statements	787.388	15.696.498
Disallowable expenses	3.064	61.083
Corporation Tax Base	790.452	15.757.580
Corporation Tax	181.804	3.624.243
Prepaid tax	(160.361)	(3.196.782)
Net payable	21.443	427.462

According to the Turkish Tax Law the Company doesn't have to pay any taxes on temporary deferred assets and liabilities. The company recognizes deferred taxes over the differences of deferred tax assets and deferred tax liabilities. Deferred tax is tax that is not paid during the current period but may be paid in the future according to IAS 12 if that increase in the income really occurs. A deferred tax asset should be recognized for deductible, temporary differences to the extent that taxable profit will be available against which temporary differences could be utilized (IAS 12.24).

	31/12/2022		31/12/2021	
	Cumulative temporary difference	Deferred Tax	Cumulative temporary difference	Deferred Tax
	EUR	EUR	EUR	EUR
Deferred tax asset				
Retirement pay provision	75.124	15.025	61.218	15.304
Provision for Doubtful Receivables	6.110	1.222	8.345	2.086
Total	81.234	16.247	69.563	17.391
Deferred tax liability				
Fixed Assets, Net	3.166	633	1.178	295
Rights of Used Assets	(43.358)	(8.672)	66.790	16.697
Total	(40.192)	(8.038)	67.968	16.992
Net Deferred Tax Asset / (Liability)		24.285		399
Actual Gains or Losses	-44.959	8.992	-35.583	8.896
Net Deferred Tax Income (Expense)		20.466		-19.805

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

	31/12/2022		31/12/2021	
	Cumulative temporary difference	Deferred Tax	Cumulative temporary difference	Deferred Tax
	TL	TL	TL	TL
Deferred tax asset				
Retirement pay provision	1.497.584	299.517	1.220.372	305.093
Provision for Doubtful Receivables	121.804	24.361	166.356	41.589
Total	1.619.388	323.878	1.386.728	346.682
Deferred tax liability				
Fixed Assets, Net	63.115	12.623	23.486	5.872
Rights of Used Assets	(864.340)	(172.868)	1.331.449	332.862
Total	(801.225)	(160.245)	1.354.935	338.734
Net Deferred Tax Asset / (Liability)		484.123		7.948
Actual Gains or Losses	-896.253	179.251	-709.343	177.336
Net Deferred Tax Income (Expense)		407.988		-394.813

The breakdown of the income tax on income statement is as follows:

	December 31, 2022	
	EUR	TL
Corporation Tax	(181.804)	(3.624.244)
Net Deferred Tax Income (Expense)	20.466	407.988
TOTAL	-161.338	-3.216.256

18. Provisions for Employee Termination Benefit

	December 31, 2022	
	EUR	TL
Employee Termination Benefit	55.573	1.107.851
Provision for personnel annual leave	19.550	389.732
TOTAL	75.124	1.497.584

Provision for employment termination benefits:

December 31, 2022 Eur 1.002 (19,983 TL)

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such benefits. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 June 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506.

The maximum amount of 19.983 TL for of December 31, 2022 is taken into consideration in the calculation of provision based on employment termination benefits. The liability is not funded, as there is no funding requirement. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability. Principal assumption is that 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.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

Consequently, in the accompanying financial statements As of December 31, 2022, provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The real discount rate is approximately 1,42%. The anticipated rate of forfeitures is considered. (31.12.2021- 3,93%).

The Movement of Employee Termination Benefit during the year is as follows:

	December 31, 2022	
	EUR	TL
Opening January 1	24.869	495.760
Service Cost	6.618	131.934
Interest Cost	789	15.721
Payments during the year (-)	-	-
Actuarial Gain / (Losses)	23.298	464.436
Closed Balance	55.573	1.107.851

19. Share Capital

As of December 31, 2022 Share Capital consisted of the following:

	December 31, 2022		
	EUR	TL	%
MODA BAGNO ATINA	1.722.146	34.330.807	96%
NIKOLAOS ELEY VARVERIS	15.891	316.778	1%
ALEXSANDROS VARVERIS	31.781	633.556	2%
FLIPPOS VARVERIS	15.891	316.778	1%
TOTAL	1.785.708	35.597.919	100%

20. Retained Earnings / Losses

Legal reserves are appropriated based on statutory profits and dividend distribution and are not available for distribution unless they exceed 50% of share capital, but they may be used to offset losses in the event that the general reserve is exhausted.

The retained earnings are available for distribution. However, if this reserve is distributed as dividends, further legal reserve is required to be provided equal to 10% of dividends declared, reduced by an amount equal to 5% of share capital.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

21. Other Comprehensive Income/Expense Not To Be Reclassified To Profit or Loss

	December 31, 2022	
	EUR	TL
Actual Gains or Losses	-44.959	-896.253
Deferred Tax	8.992	179.251
TOTAL	-35.967	-717.002

22. Commitments and Contingencies

- a) In Turkey, the Tax Procedural Law does not provide a procedure for the final agreement of tax assessment. Tax declarations are filed within four months for the year-end to which they relate to and the tax authorities may revise assessment within five years, and in the case were a mistake is revealed, they may revise tax payable assessments within five years. Therefore, the Company is contingently liable for any differences, which may arise as a result of an inspection performed by the tax authorities in the future.

S1. Net Sales

	December 31, 2022	
	EUR	TL
Domestic Sales	4.380.351	87.321.865
Sales Abroad	122.559	2.443.211
Sales returns (-)	384	7.659
TOTAL	4.496.535	89.637.983

S2. Cost of Goods Sold (-)

	December 31, 2022	
	EUR	TL
Cost of Trade Goods Sold	2.031.832	40.504.365
TOTAL	2.031.832	40.504.365

S3. Marketing Expenses (-)

	December 31, 2022	
	EUR	TL
Advertisement Expenses	7.102	141.578
Transportation, Goods Carriage	14.924	297.518
Showroom Decoration expenses	153	3.043
Other	5.681	113.247
TOTAL	27.860	555.386

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

S4. General Administrative Expenses (-)

	December 31, 2022	
	EUR	TL
Personnel Salary Expenses	303.360	6.047.443
Fee Payment to director	57.945	1.155.125
Personnel food expenses	5.959	118.794
Representation Expenses	6.248	124.549
Travel and Accommodation Expenses	6.109	121.790
Communication Expenses	453	9.024
Office Insurance Expenses	1.560	31.100
Tax and Other Duties	3.806	75.878
Depreciation and Amortisation Expenses	16.436	327.658
Vehicle Expenses	1.699	33.865
Consulting Expenses	21.913	436.831
Telephone and Internet Expenses	852	16.986
Ozden Business Centre Expenses	21.696	432.506
Provision for personnel annual leave	7.153	142.585
Import Insurance expenses	4	79
Repair expenses	1.420	28.307
Electricity and water expenses	16.608	331.082
Employee Termination Benefit & Severance Payment	7.407	147.655
Export Expenses	1.570	31.300
Depreciation For Rights of Use Assets	238.729	4.759.033
Porter's fee expenses	3.260	64.987
Other	7.068	140.920
TOTAL	731.255	14.577.497

S5. Financial income/ (expenses) net

	December 31, 2022	
	EUR	TL
Financial Income		
Foreign Exchange Gain	651.182	12.981.244
Total	651.182	12.981.244
Financial Expense		
Interest Expense	120.275	2.397.669
Foreign Exchange Loss	546.529	10.895.004
Credit Card Commissions & Other Exp.	5.578	111.187
Total	672.382	13.403.860
NET	(21.200)	(422.616)

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

S6. Other income/ (expenses) net

	December 31, 2022	
	EUR	TL
Other Income		
Social Security Premiums Reductions	7.775	154.996
Other	5.262	104.900
Total	13.037	259.896
Other Expense		
Doubtful Receivables Provision	1.030	20.534
Commission Expenses to Architects	144.608	2.882.739
Other Expense	1.924	38.351
Total	147.562	2.941.625
NET	(134.524)	(2.681.729)

(*): Disallowable expenses are expenses which are added on tax base such as vehicle tax, expenses with no invoice and penalties etc.

Auditing Techniques and Procedures Applied
December 31, 2022

As indicated in the second paragraph of our Independent Auditors' Report our examinations are made in accordance with International Auditing Guidelines and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The summary of these auditing techniques and procedures is described below:

1. AUDIT ENGAGEMENT LETTER AND PLANNING:

An audit engagement letter was issued and an audit plan was prepared in order to perform an efficient audit. The audit planning was prepared after having considered such factors as the Company's organizational structure, activities, production methods, prior year's financial statements, assurance on internal control systems and the degree of reliance of audit examination on internal controls.

2. AUDIT PROGRAM:

Our examination was made in accordance with the auditing principles and requirements as stated in the International Auditing Guidelines. Standard audit procedures were adopted and applied considering the Company's accounting policies and internal control system.

3. CASH AND BANKS:

Cash held at the year-end test not counted at year- end but reconciled to the general ledger. Confirmation of bank balances were obtained directly from banks and agreed to the balances in the general ledger.

4. RECEIVABLES:

Direct confirmations were requested from debtors on a sample basis and replies received were agreed to the balances in the general ledger. For unconfirmed balances, the related underlying documents were checked. Additionally, cash receipts subsequent to the balance sheet date were reviewed.

MODA BAGNO IC VE DIS TICARET INSAAT TURIZM VE SANAYI A.S.
For the year ended December 31, 2022
Expressed in Euro and TL

5. FIXED ASSETS:

Additions to or disposals from fixed assets were verified, on a sample basis by reviewing the underlying documents, for value, existence and ownership. Depreciation calculations for tangible fixed assets were reviewed and the necessary provisions against those net book values, which were below market value, were checked.

6. SHORT-TERM PAYABLES:

Direct confirmations were requested from banks, suppliers and other short-term creditors on a sample basis of balances as at the year-end and replies received were agreed to the balances in the general ledger. Accruals and provisions were reviewed and their validity and sufficiency were ensured.

7. LONG-TERM PAYABLES:

Long-term accruals and provisions were reviewed and their validity and sufficiency were ensured. Provision for termination indemnities was checked to ensure conformity with the statutory requirements.

8. SHAREHOLDERS' EQUITY:

Relevant documentation and details relating to capital, legal reserves and other reserves were reviewed and the correctness of the balances was verified.

9. OTHER GENERAL ISSUES:

(a) The Board of Directors minutes were reviewed and the resolutions, which significantly affect the financial statements, were considered.

(b) The Company's commitments and contingent liabilities were reviewed, direct confirmations from third parties were obtained and their inclusion in the financial statements was checked.