

EARNINGS RELEASE

February 3, 2023

Şişecam (BIST-100: SISE) reported financial results for the fourth quarter ended December 31, 2022

M. Görkem Elverici, CEO of Şişecam, commented:

“The business world has been dealing with a climate of uncertainties globally for almost 3 years. Macroeconomic and geopolitical tensions continue to rise constantly. The challenges such as Russia-Ukraine conflict, hyperinflation, risk of recession, energy shortages, logistic disruptions and even sudden lack of supply remain unsolved. The negative effects of these risks are not equal in every geography. While some regions face higher production costs and logistics problems due to these problems, others manage to minimize these impacts and stay less affected.

Şişecam’s extensive production network spanning 4 continents and 14 countries allows us to manage such a challenging period in an agile manner by adapting to the conditions. Thanks to our scenario-based strategic approaches, solid financial performance, strong know how and digital capabilities we continue to reach our goals uninterruptedly. We constantly make carefully selected and studied investments that support our profitability and growth. Our decision to increase the capacity of our second frosted glass furnace and energy glass processing line investments in Mersin was a good output of this approach. This new investment will allow us to capitalize on the opportunities that arise in the rapidly growing global solar energy market and contribute to our strategy of producing sustainable value-added products.

We have begun the year with Refel acquisition, a strategic move to sustain our investments. As we did in 2022, we again hedged most of our natural gas needs pricing at levels that support our competitiveness. We continue to contribute and add value to our investors, with a long-term perspective, even under difficult conditions and strive to ensure that they continue their journey with Şişecam on the basis of trust and confidence.

Our 2030 CareforNext sustainability strategy which we announced in the 2022 financial year is a guideline for us to ensure the stability of Şişecam and its stakeholders’ sustainable growth. We are committed to take every necessary step to Protect the Planet, Empower Society and Transform Life.

2023 is expected to be a year of volatilities. Through this challenging year, Şişecam will walk in the light of science and the footsteps of its world-renowned leader Atatürk, carrying its legacy of “Science and reason” in order to build a better future.”

Consolidated Summary Financial Results for Q4'22

Important Notice: In accordance with TFRS-3 principle, provisional figures had been used for the consolidation purpose of US entities. Following the completion of valuation studies, Sisecam Q4'21 and 2021 FY consolidated financial statements and Chemicals business line financials have been restated accordingly.

Summary Financials (TL mn)	2021	2022	YoY	Q4'21	Q3'22	Q4'22	QoQ	YoY
Revenue	32,058	95,349	197%	11,045	26,047	29,070	12%	163%
Gross Profit	11,180	33,710	202%	3,748	9,883	8,185	-17%	118%
Gross Margin	35%	35%	48 bps	34%	38%	28%	-979 bps	-578 bps
EBIT	9,542	23,059	142%	4,478	5,336	7,735	45%	73%
EBIT Margin	30%	24%	-558 bps	41%	20%	27%	612 bps	-1,393 bps
EBITDA	11,603	28,160	143%	5,075	6,539	9,733	49%	92%
EBITDA Margin	36%	30%	-666 bps	46%	25%	33%	838 bps	-1,247 bps
Net Income After Minority Interest	9,040	19,345	114%	4,945	4,801	5,589	16%	13%
Net Income Margin	28%	20%	-791 bps	45%	18%	19%	79 bps	-2,554 bps
Capex	2,637	7,778	195%	1,298	2,281	2,684	18%	107%
Capex/Sales	8%	8%	-7 bps	12%	9%	9%	48 bps	-252 bps
Adjusted EBIT*	6,534	18,050	176%	2,286	4,961	3,836	-23%	68%
Adjusted EBIT Margin*	20%	19%	-145 bps	21%	19%	13%	-585 bps	-750 bps
Adjusted EBITDA*	8,595	23,151	169%	2,884	6,164	5,834	-5%	102%
Adjusted EBITDA Margin*	27%	24%	-253 bps	26%	24%	20%	-359 bps	-604 bps
Adjusted Net Income*	8,097	15,888	96%	4,025	4,801	2,131	-56%	-47%
Adjusted Net Income Margin*	25%	17%	-860 bps	36%	18%	7%	-1,110 bps	-2,911 bps
Analyst EBIT**	5,501	15,354	179%	1,790	4,528	2,632	-42%	47%
Analyst EBIT Margin**	17%	16%	-106 bps	16%	17%	9%	-833 bps	-715 bps
Analyst EBITDA**	7,562	20,455	170%	2,387	5,731	4,631	-19%	94%
Analyst EBITDA Margin**	24%	21%	-214 bps	22%	22%	16%	-607 bps	-568 bps

*Excluding one-off impacts

**Excluding other income/expense from operations, investing activities, investments in associates and joint venture

FX RATES	Q3'22	Q4'21	Q4'22	QoQ	YoY	2021	2022	YoY
EUR/TL - p.a.	18,06	12,75	18,98	5%	49%	10,46	17,39	66%
USD/TL - p.a.	17,91	11,17	18,60	4%	66%	8,88	16,58	87%

Financial Highlights (Q4'22 vs Q4'21)¹

- **Revenue** came in at TRY 29.1Bn, up by 163% YoY (EUR 1.5Bn, up by 77% YoY in EUR terms)
 - **Organic +131%**, **Inorganic +32%**
- **Gross profit** was at TRY 8.2Bn, up by 118% YoY with a margin of 28%
 - **Organic +88%**, **Inorganic +30%**
- **Adjusted EBITDA** came in at TRY 5.8Bn, up by 102% (EUR 307Mn, up by 36% YoY in EUR terms) with 20% margin
 - **Organic +79%**, **Inorganic +23%**
- **Adjusted Parent Only Net Income** came in at TRY 2.1Bn, down by 47% with 7% net margin
 - **Organic -45%**, **Inorganic -2%**
- **Capex** recorded at TRY 2.7Bn (EUR 141Mn) and Capex/Revenues stood at 9%
- **FCFE** stood at TRY 1Bn (EUR 60Mn) **WC/Revenue** was at 29%
- **Currency Sensitivity:** TRY 4.4Bn **Net Short FX Position**, **EUR+USD share in Gross Profit** is 16% (55% in Revenue, 39% in COGS) in 2022
- **Net Debt/EBITDA** was at 0.6x

Segmental Analysis

Segmental Breakdown of Revenue (TRY Mn)	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022	Q4'22 Topline Drivers (YoY)
									QoQ	YoY	YoY	
Architectural Glass	4,960	3,205	9,170	4,871	11,194	17,658	7,015	24,673	9%	119%	169%	-13% volume, +132% pricing, prod. mix, curr.
Auto Glass	2,382	1,003	3,230	1,234	2,931	4,347	1,967	6,314	39%	96%	95%	+3% volume, +93% pricing, prod. mix, curr.
Glassware	3,197	1,715	4,876	1,838	4,322	6,969	3,246	10,215	23%	89%	109%	-20% volume, +109% pricing, prod. mix, curr.
Glass packaging	5,449	2,418	7,472	2,699	6,953	12,342	5,713	18,056	6%	136%	142%	-12% volume, +148% pricing, prod. mix, curr.
Chemicals	4,272	1,978	5,865	5,065	11,981	20,158	8,112	28,270	-1%	310%	382%	+50% volume, 260% pricing, prod. mix, curr.
Other	1,081	725	1,445	1,266	2,851	4,806	3,016	7,822	54%	316%	441%	
Total	21,341	11,045	32,058	16,974	40,232	66,279	29,070	95,349	12%	163%	197%	

^{*}Based on Net External Revenue

Segmental Contribution to Revenue	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022
									QoQ	YoY	YoY
Architectural Glass	23%	29%	29%	29%	28%	27%	24%	26%	-68 bps	-488 bps	-273 bps
Auto Glass	11%	9%	10%	7%	7%	7%	7%	7%	133 bps	-231 bps	-345 bps
Glassware	15%	16%	15%	11%	11%	11%	11%	11%	101 bps	-436 bps	-450 bps
Glass packaging	26%	22%	23%	16%	17%	19%	20%	19%	-104 bps	-224 bps	-437 bps
Chemicals	20%	18%	18%	30%	30%	30%	28%	30%	-349 bps	1,000 bps	1,135 bps
Other	5%	7%	5%	7%	7%	7%	10%	8%	287 bps	381 bps	370 bps

¹reference to [Appendix](#) for segmental breakdown analysis

Segmental Analysis (cont'd)

Segmental Breakdown of Adjusted EBITDA (TRY Mn)	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022
									QoQ	YoY	YoY
Architectural Glass	1,001	1,434	3,372	1,772	3,995	6,100	1,995	8,094	-5%	39%	140%
Auto Glass	145	-62	103	77	236	254	-275	-21	--1,644%	342%	-120%
Glassware	551	523	1,215	422	926	1,521	497	2,018	-17%	-5%	66%
Glass packaging	1,635	665	1,973	626	1,464	2,410	1,298	3,708	37%	95%	88%
Chemicals	1,629	592	2,175	1,565	4,004	6,519	2,000	8,519	-21%	238%	292%
Other	18	-34	38	403	746	1,042	477	1,519	61%	-1,519%	3,847%
Elimination	-18	-234	-282	-48	-218	-530	-157	-687	-50%	-33%	144%
Total	4,962	2,884	8,595	4,817	11,152	17,316	5,834	23,151	-5%	102%	169%

Segmental Contribution to Adjusted EBITDA	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022
									QoQ	YoY	YoY
Architectural Glass	20%	46%	38%	36%	35%	34%	33%	34%	80 bps	-1,269 bps	-403 bps
Auto Glass	3%	-2%	1%	2%	2%	1%	-5%	0%	-486 bps	-259 bps	-125 bps
Glassware	11%	17%	14%	9%	8%	9%	8%	8%	-90 bps	-847 bps	-522 bps
Glass packaging	33%	21%	22%	13%	13%	14%	22%	16%	705 bps	33 bps	-668 bps
Chemicals	33%	19%	25%	32%	35%	37%	33%	36%	-546 bps	1,440 bps	1,124 bps
Other	0%	-1%	0%	8%	7%	6%	8%	6%	338 bps	903 bps	594 bps

Segmental Adjusted EBITDA Margin	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022
									QoQ	YoY	YoY
Architectural Glass	19%	41%	34%	35%	34%	33%	26%	31%	-427 bps	-1,528 bps	-387 bps
Auto Glass	6%	-6%	3%	6%	8%	5%	-14%	0%	-1,559 bps	-832 bps	-350 bps
Glassware	17%	30%	25%	23%	21%	21%	15%	19%	-684 bps	-1,554 bps	-559 bps
Glass packaging	30%	28%	26%	23%	21%	19%	23%	21%	529 bps	-481 bps	-558 bps
Chemicals	31%	23%	29%	27%	29%	27%	18%	24%	-558 bps	-470 bps	-443 bps
Other	1%	-2%	1%	21%	22%	18%	14%	16%	103 bps	1,577 bps	1,522 bps

Operational Highlights (Q4'22 vs Q4'21) ²

- Flat Glass: Architectural Glass & Auto Glass
 - **Flat glass production, flat at 758K tons**
 - **91% capacity utilization rate** (actual output/effective capacity)
 - **Architectural Glass Division: down by 13% in sales volume**
 - **Auto Glass Business Line: up by 3% in consolidated auto glass** (converted from m2 to tons) and encapsulation (converted from units to tons) **sales volume**
- Glass Packaging
 - **2% decrease in glass packaging production** at 593K tons
 - **12% decrease in sales volume** (domestic sales down by 13%, exports up by 1%, sales from non-Turkey operations down by 14%)
 - **94% capacity utilization rate (94% in Turkey and 93% in Russia)** (actual output/effective capacity)
- Chemicals
 - Synthetic Soda Ash
 - **Flat production** at 590K tons
 - **100% capacity utilization rate**
 - **Sales volume** down by 13% at 529K tons (domestic and international sales down by 23% and 9%, respectively)
 - **104% increase in average USD/ton price**
 - Natural Soda Ash
 - **5% increase in production** at 661K tons
 - **105% capacity utilization rate**
 - **15% decrease in sales volume** at 573K tons
 - **40% increase in average USD/ton price**
 - Chromium Chemicals
 - **38% capacity utilization rate**
 - **36% decrease in sales volume** at 21K tons (domestic and international sales down by 28% and 38%, respectively)
 - **47% increase in average USD/ton price**
 - Glass Fiber
 - **3% decrease in production** at 16K tons
 - **91% capacity utilization rate**
 - **28% decrease in sales volume** at 11.4K tons
 - **52% increase in average EUR/ton price**
 - Electricity
 - **24% increase in production** at 227Mn kWh
 - **185% increase in sales volume** at 616Mn kWh
 - ~200% increase in TRY/kWh average price
 - TRY 2.1Bn revenues vs. TRY 247Mn in Q4'21
 - Oxyvit
 - TRY 118Mn revenues vs. TRY 73Mn in Q4'21
- Glassware
 - **20% decrease in total sales volume**

² Glass and chemicals volume figures are based on metric ton

Architectural Glass: 24% share in Revenue | 33% share in EBITDA | “Second Largest Topline Contribution & Highest EBITDA Margin Generator in Q4’22”

Glass output, recorded at 758K tons in this quarter, was almost flat YoY. Quarter wise-CUR stood at 91% with 63% of the output produced by Turkey operations. Facilities located in EU accounted for 23% of the consolidated production volume. The remaining 14% was composed of Russia and India operations.

Architectural Glass division consolidated sales volume went down by 13% YoY mainly on the high base. Low-season impact was visible in the construction industry in this quarter, yet in some regions it was relatively amplified due to the inflationary environment and subsequent changes in the market dynamics.

Sales from Turkey including exports decreased by 5% YoY. Weakening construction activity was pre-dominantly a consequence of financing constraints in Turkey. In the meantime, wholesalers and retailers slowed down their product orders considering the possibility of glass product flows from low-cost regions given weak demand especially in the Middle East and Asia Pacific countries. Yet, glass demand was supported by industrial and residential solar glass investments triggered by governmental incentives and regulations. In turn, sales to the domestic market went down by 2% YoY. “New Home Program for middle-income citizens”, unveiled by Turkish Finance Ministry in January 2023, is expected to facilitate consumer funding with lower mortgage rates, longer tenure and ministry-backed payment plans. This new program, combined with credit guarantee fund-backed access to financing for contractors and “My First Home, My First Workplace” campaign for low-income citizens (announced in October 2022) is expected to be a catalyst for the housing market in the upcoming quarters. Meanwhile, the share of direct exports from Turkey-based facilities sales decreased to 13% (vs. 15% in Q4’21) given heightened price sensitivity in the Middle East, which is the main region for exports, due to currency depreciation. Turkey-based operations accounted for 62% of consolidated sales volume (54% domestic, 8% export).

Europe-based factories’ total sales, on the other hand, went down by 29% YoY in volume terms. Although high base was an important factor in lower volume, ongoing inflationary environment and subsequent changes in the market dynamics resulted in further weakness in local producers’ sales. The quarter commenced with the client-industries’ decision to carry low inventory levels in response to all-time high energy prices seen in Q3’22 and uncertain demand outlook. It then continued with the negative impact of imports from low-cost regions. Although, flat glass pricing has started to soften with the decline in energy prices, production cost differentials and declining freight rates from East to West have supported the competitiveness of the imports. Europe-based facilities’ share in consolidated architectural sales went down to 22% in Q4’22 (vs. 27% in Q4’21).

While inflationary environment and imported products were also true for the performance of India operations, low-season dynamics was the only negative factor seen in Russia. Accordingly, sales volume recorded together by the two regions came down by 17% YoY and their combined share in consolidated Architectural Glass sales remained flat at 16%.

Region-wise weighted average change in product pricing was ~ 1.7x in EUR terms in Q4’22.

Architectural Glass segment, with TRY 7Bn net external revenue, recorded a topline growth of 119% YoY.

Auto Glass: 7% share in Consolidated Revenue

Auto Glass operations have mirrored data flows signaling the start of a mild recovery in passenger car and light commercial vehicle markets. Product deliveries to OEMs gained pace in all regions excluding Russia. Auto replacement glass channel stayed vivid thanks to both growing orders of the existing clients as well as the new distributors included in our client portfolio. Consequently, in Q4'22 Auto Glass sales went up by 3% YoY in volume terms on top of the high single digit annual growth recorded in Q3'22.

Re-negotiation discussions continued to be at the top of Tier 1 suppliers' agenda given inflated raw material prices with the focus to get retrospective adjustments from OEMs in the upcoming year.

Auto Glass business line's net external revenue came in at TRY 2Bn, up by 96% YoY. Auto replacement glass (ARG) sales accounted for 17% of net external revenue compared to 13% in Q4'21.

Glass Packaging: 20% share in Revenue | 22% share in EBITDA | "Second Largest Contribution to EBITDA Growth in Q4'22"

With a quarterly average CUR of 94%, Glass Packaging consolidated output stood at 593K tons, down by 2% YoY. Share of Turkey-based facilities in total production went up by 170 bps to 56%. Facilities located in Russia and Georgia composed the remaining 44% of the total output.

Consolidated sales volume declined by 12% YoY due to post-Covid mobility driven high base, typical low season trend and European sanctions on Russia.

Sales in Turkey came down by 13% YoY given the normalization in demand to regular low season levels. Exports from Turkey-based facilities recorded a slight increase amid relatively strong TL.

Although Russia's invasion of Ukraine and the subsequent developments – sanctions and decisions targeting to curb global trade capabilities of Russia – were the pre-dominant causes of the weak performance in Non-Turkey operations, low season trend was also visible in both Russia and Georgia. Therefore, 14% contraction was recorded in the region's sales.

Glass Packaging products' pricing environment stayed strong in global sense given high inflation pressure. Average per ton prices grew by +60% YoY in EUR terms across all regions.

As a result, **Glass Packaging** business line recorded a revenue growth of 136% YoY with TRY 5.7Bn net external revenue. Glass Packaging segment generated 51% of its revenue from international sales including exports from Turkey.

Chemicals: 28% share in Revenue | 33% share in EBITDA | "Largest Contribution to Topline and EBITDA Growth in Q4'22"

Soda ash supply and demand dynamics were balanced in most of the regions. Yet, low-cost producers, particularly from Asia, started to appear on the scene with gradually declining freight rates and high inventories at client industries' levels amid concerns on the demand prospects.

Synthetic soda ash sales were recorded at 529K tons, down by 13% YoY while average per ton prices rose sharply by 104% in USD on the back of skyrocketed production costs due to all time high natural gas spot pricing especially in Q3'22 and constant rise in raw material prices.

Sales from Sisecam Chemicals Resources LLC^[1], US-based natural soda ash operations, stood at 573K tons, down by 15% YoY. Despite strong soda ash demand in global terms, exports volume contracted by 28% YoY given shipment delays due to operational challenges in vessel scheduling and loading at the ports. Nevertheless, domestic sales grew by 2% YoY. ExW natural soda ash prices continued to increase given the upward movement in international soda ash prices that have been generally negotiated in a quarterly manner to reflect the cost changes. Domestic and export pricing strategies in US soda operations have mirrored the fundamental changes that were visible in international soda ash markets. In turn, natural soda ash prices grew by 40% YoY on average in USD/ton.

In 2023, global soda ash pricing environment is anticipated to reflect the changes in costs through dynamic models based on quarterly and semi-annual reviews, as it was the case in the previous year, since primary reasons of the fluctuations seen in energy and commodity markets are still valid.

Chromium chemicals sub-segment recorded 36% decline in sales volume mainly due to scheduled maintenance work in chromium chemicals production units and inventory optimization tools put in place against weak demand particularly for leather products given Chinese lockdowns and global saving tendency. Lockdowns in China and uncertain global macroeconomic outlook were the primary reasons for lower sales volume to metal plating and ferrochrome industry clients. Chromium chemicals recorded a per ton USD price increase of 47% YoY on average.

Rising production costs continued to result in an upward movement in glass fiber products, hence per ton prices soared by 52% in EUR terms. Yet at 91% quarterly average CUR and sales/output ratio of 71%, glass fiber sales went down by 28% YoY and recorded at 11.4K tons given client industries' appetite for keeping low inventory levels considering weakened demand from pipe industry and the possibility of a downward pricing environment in the aftermath of the decline in energy prices.

Chemicals business line generated 26% of its total revenue from intra-group sales (vs. 23% in Q4'21) and international operations accounted for 64% of total revenue (vs. 62% in Q4'21). **Chemicals segment recorded TRY 8.1Bn net external revenue, up by 310% YoY (237% organic growth).** 41% of net external sales were generated by US operations.

Glassware: 11% share in Revenue | 8% share in EBITDA |

Weaker consumer sentiment stemming from global high inflationary environment have started to put pressure on Glassware operations. Hence, the typical high season dynamics were not fully in place this time of the year. Even though sales volume was higher than the consolidated level recorded in the previous quarter, it still was down by 20% YoY. Change in sales mix with a shift from high to low volume products has also had a negative impact on consolidated sales. Cost driven price adjustments continued at a mild pace. Sales at wholesale and retail channel, through which majority of the demand is satisfied, were strong particularly in the last two months of the year thanks to holiday season-campaigns targeting to lower the inventory levels. But channel-specific clients were reluctant in building the stocks back fully due to the uncertain demand outlook and the trend signaling a sentiment shift from consuming to saving. HORECA channel continued to perform well in both Turkey and Europe thanks to extraordinarily

^[1] *nka and subject to full consolidation since 2021 year-end under Chemicals business line following the controlling stake acquisition in Ciner Resources Corp.*

warm winter season and higher mobility. Meanwhile, the operations across all regions have been challenged by the rise in imports, especially from low-cost regions.

Accordingly, 89% annual rise in topline with a net external revenue of TRY 3.2Bn was recorded by Glassware operations. HORECA channel accounted for 12% of the division's topline vs. 11% in the prior year while international revenue's share was 55% in Q4'22 (vs. 60% in Q4'21).

Based on Şişecam consolidated figures, share of international revenue stood at 63% in Q4'22 while the rest was generated from domestic sales.

Regional Breakdown of Revenue	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022	Q4'22		2022
									QoQ	YoY	YoY
Revenue from Turkey Operations	62%	56%	57%	54%	56%	55%	61%	56%	782 bps	463 bps	-53 bps
Sales in Turkey	42%	34%	34%	34%	38%	37%	37%	37%	91 bps	257 bps	276 bps
Exports from Turkey	20%	21%	23%	20%	18%	18%	24%	19%	791 bps	307 bps	-329 bps
Revenue from Foreign Operations	38%	44%	43%	46%	44%	45%	39%	44%	-782 bps	-463 bps	53 bps

Adjusted EBITDA recorded at TRY 5.8Bn with 20% Margin while Adjusted Net Income stood at TRY 2.1Bn

- Gross profit margin came in at 28% vs. 34% in Q4'21. The decline was a result of.
 - a) +500% YoY hike in natural gas tariffs in Turkey
 - b) +160% YoY increase in per ton labor cost in Turkey
 - c) x2 higher soda ash prices
 - d) ~90% increase in severance pay cap YoY, decrease in actuarial discount rate (from 3.5% to 2.5%) used in severance pay provision calculation due to high inflation and low interest rate and early retirement plan provision (in total TRY 560Mn non-cash COGS item with a dilutive impact of 200 bps)
 - f) TL depreciation
- OPEX/Sales went up by 140 bps to 19% due to the rise in logistic costs particularly with significant increase in ocean freight rates primarily from the high demand in the global supply chain and the upward movement in fuel prices, the rise in labor costs, increase in severance pay cap, lower actuarial discount rate and early retirement plan provision (TRY 140Mn non-cash OPEX item with an increasing impact of 50 bps)
- TRY 195Mn income from participated JVs vs. TRY 57Mn in Q4'21 thanks to the strong financial performance of the JVs with St. Gobain in Egypt and with Solvay in Bulgaria
- Other income & investing activities recorded at TRY 4.7Bn (vs. TRY 1.1Bn in Q4'21) given TRY 3.8Bn revaluation gain on investment properties versus TRY 0.6Bn in Q4'21

- TRY 2.5Bn FX loss was recorded on Eurobond investments, trade receivables & payables and financing activities vs. TRY 3.3Bn gain in Q4'21
- TRY 909Mn interest expense was recorded on bank loans and issued bonds while TRY298Mn interest income was generated on derivatives
- TRY 417Mn was recorded as deferred tax income in Q4'22 versus TRY 111Mn deferred tax expense in Q4'21 thanks to higher tax incentives on the ongoing investments with acceleration of capex and the tax exemption covering all the earnings including FX and interest gains on FX-protected deposits. Effective tax rate stood at 17% based on TRY 875Mn net tax income recorded in Q4'22.

Cash Flow Analysis (2022 vs 2021)

- **Cash inflow from operating activities** came in at a **TRY 14.3Bn** vs. **TRY 7.3Bn** with stronger operational performance resulting in TRY 11Bn higher net income. Meanwhile, working capital requirement was recorded at TRY 12Bn due to inflated inventories and trade receivables caused by cost and product price increases as well as local currency depreciation
- **Cash outflow from investing activities stood at TRY 7.3Bn** versus TRY 6.3Bn given.
 - TRY 2.5Bn advance payments in relation with the investments vs. TRY 1.4Bn in 2021
 - TRY 300Mn cash outflow for Refel S.p.A acquisition vs. TRY 6Bn in 2021 (note: mainly due to USD 450mn - US Natural Soda Ash deal)
 - TRY 7.8Bn (EUR 447Mn) capital expenditures vs. TRY 3Bn in 2021, in relation with.
 - *Glass Packaging business line expenditures: greenfield Hungary investment & Turkey-Eskişehir new furnace investment, a cold repair undertaken (one furnace in Russia-Kuban facility), mold expenses, corresponded to 26% of the total capex*
 - *Architectural Glass segment; greenfield Turkey-Tarsus facility investments, new automotive float line investment in Turkey-Kırklareli facility, maintenance and operational efficiency expenses, corresponded to 25% of the total capex*
 - *Chemicals business line expenditures: maintenance of mining operations located in Turkey and US natural soda asset, capacity increase in Turkey-Mersin soda ash plant and maintenance work at chromium chemicals facilities located in Turkey & Italy, corresponded to 24% of the total capex*
 - *Glassware segment expenditures: cold repairs undertaken (one furnace in Bulgaria and one furnace in Turkey-Kırklareli facility) and mold expenses, corresponded to 12% of the total capex*
 - *The remaining balance was in relation with Auto Glass segment's maintenance expenses combined with One Sisecam digital transformation and efficiency improvement investments*
- **Cash inflow from financing activities recorded at TRY 4.2Bn** versus TRY 3.7Bn-outflow in 2021
- **Cash conversion cycle** shortened by 31 days over the prior year given lesser DIO, DRO and DPO
- **FCFE** stood at TRY 1Bn mainly thanks to tax incentives on capex
- With **TRY 3Bn increase in cash** including FX translation gains, period-end cash position came in at **TRY 25Bn**
- **Cash and cash equivalents including a) TRY 4.8Bn-liquid fund investments b) TRY 4.6Bn-financial assets** (USD 154Mn-Eurobond investments, USD 94Mn-FX protected deposit) increased by TRY 12.7Bn over the prior year to TRY 30Bn (USD 1.6Bn) in 2022
- Excluding the financial assets, 30% of cash and cash equivalents was kept in hard currencies of which 71% was in EUR and the remaining 29% in USD)

Debt Position (2022 vs 2021)

Gross debt recorded at TRY 47Bn (USD 2.5Bn) vs. TRY 28Bn (USD 2.1Bn)

- 72% of bank loans was in hard currencies (34% EUR, 38% USD)³
- TRY 802Mn total coupon payment was made in March and in September 2022 on USD 700Mn-Şişecam 2026 Eurobonds
- TRY 1.5Bn financial lease was recorded under financial liabilities
- Long-term liabilities corresponded to 60% of gross debt (62% in 2021-end)

Net debt was TRY 17Bn (USD 911Mn) vs. TRY 11Bn (USD 790Mn) in 2021. **Net Debt to EBITDA** was at 0.61x.

FX Position (2022 vs 2021)

A net short FX position of TRY 4.4Bn (USD 233Mn) was recorded at the end of 2022 vs. (TRY 5.9Bn net long position in 2021). Change in the FX position mainly due to the decreases in USD and EUR assets given EUR 185Mn capital contribution to Europe-based subsidiaries for investment financing and foreign currency legislations on 40% TRY-conversion of export collections in addition to hard currency loan uses. FX position was 507Mn short in EUR and 275Mn long in USD (figures stated in original currencies).

³ Following the cross currency swaps, made in 2019 for USD 575Mn of 2026 bond in exchange of EUR 421Mn in 2019, 68% of the bond was converted to EURs, 14% converted to TRY and rest of 18% kept in USD. In August 2022, USD 210Mn-equivalent EUR swap agreements have been unwound. Accordingly, as of the reporting period; 38% of the bond is converted to EUR, 14% to TRY and the rest is kept in USD.

[One-Off Impacts excluded from Financials:](#)

Excluding From EBIT:

- **2022: +TRY 5,009 Mn**
 - **Q4'22: +TRY 3,899 Mn:**

TRY 79 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 3.820 Mn: Gains on revaluation of investment properties
 - **9M'22: +TRY 1,110 Mn:** Revaluation gain on fixed income instruments incl. IFRS 9 impact

- **2021: +TRY 3,008 Mn**
 - **Q4'21: +TRY 2,191 Mn:**

TRY 1,210 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 586 Mn: Gains on revaluation of investment properties
TRY 422 Mn⁴: Fair value and currency translation adjustment gain on Pacific LLC (consolidation method change)
TRY 29 Mn: Losses on the sale of scrap machinery and equipment
TRY 2 Mn: Sale of Pasabahce office (Adana)
 - **9M'21: +TRY 817 Mn:**

TRY 788 Mn: Revaluation gain on fixed income instruments incl. IFRS 9 impact
TRY 5 Mn: Sale of Paşabahçe store (Ankara)
TRY 13 Mn: Sale of Paşabahçe Store (İstanbul)
TRY 11 Mn: Sale of CO₂ emission allowances

Excluding From Net income:

- **2022: +TRY 3,458 Mn**
 - **Q4'22: +TRY 3,458 Mn:**

TRY 3,458 Mn: Gains on revaluation of investment properties

- **2021: +TRY 943 Mn**
 - **Q4'21: +TRY 920 Mn:**

TRY 519 Mn: Gains on revaluation of investment properties

⁴ Restated in the Financial Report Ending December 31, 2022

TRY 422 Mn⁵: Fair value and currency translation adjustment gain on Pacific LLC (consolidation method change)
TRY 22 Mn: Losses on the sale of scrap machinery and equipment
TRY 1 Mn: Sale of Pasabahce office (Adana)

○ **9M'21: +TRY 23 Mn**

TRY 4 Mn: Sale of Paşabahçe Store (Ankara)
TRY 11 Mn: Sale of Paşabahçe Store (İstanbul)
TRY 8 Mn: Sale CO₂ emission allowances

Operational Developments during and after Q4'22

- **Chemicals**

- Planned Maintenance Work

- Kromsan facility.

- a) *Tankrom AB unit was inactive for 28 days during the quarter (15 days in October, 13 days in November)*
- b) *Tankrom SB unit was inactive for 41 days during the quarter (16 days in October, 9 days in November and 16 days in December)*
- c) *Packaging unit was inactive for 52 days during the quarter (16 days in October, 20 days in November and 16 days in December)*
- d) *Dichromate unit was inactive for 62 days during the quarter (17 days in October, 30 days in November and 15 days in December)*
- e) *White Sulphate unit was inactive for 67 days during the quarter (17 days in October, 30 days in November and 20 days in December)*
- f) *Chromic-acid unit was inactive for 66 days during the quarter (20 days in October, 30 days in November and 16 days in December)*

- Soda facility.

- *Coal-fired boiler was inactive for 39 days during the quarter (29 days in October and 10 days in November)*

- Oxyvit facility.

- a) *Vitamin-K unit was inactive for 48 days during the quarter (21 days in October, 12 days in November and 15 days in December)*
- b) *SMBS unit was inactive for 42 days during the quarter (20 days in October, 11 days in November and 11 days in December)*

Important Events during and after Q4'22

- A new syndicated loan of EUR 240Mn with a 3-year maturity was used under the leadership of Bank of America and BNPP to refinance the syndicated loan of EUR 175Mn with a 3-year maturity which Şişecam used in 2019 to meet its investment and working capital needs in Turkey and Europe.

⁵ Restated in the Financial Report Ending December 31, 2022

- Following the periodic revision of the Corporate Governance Rating (CGR) Report based on the CRG Agreement which was signed with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on 15/11/ 2022 for a two-year period, the rating of Şişecam has been revised to 96.01 (9.60 out of 10) on 16/12/2022 from a rating of 95.51 (9.55 out of 10), which was announced on 16/12/2022.
- Şişecam sold 50Mn shares of total 101.75Mn shares, which was bought back on Borsa Istanbul between 26/02/2021 and 29/11/2022 within the scope of the buyback program, to a foreign institutional investor on 29/11/2022 through a block sale at a price of 36.96 TL/share.
- With the objectives of supporting its leading position in the rapidly growing Turkish energy glass market, enlarging its export capability, and strengthening its competitive position in domestic and international markets through cost advantages to be attained, Şişecam targets to increase annual production capacity of the new frosted glass furnace investment from 180K tons to 244K tons and the energy glass processing line from 20Mn m² to 26.6Mn m². Total cost of the investments including the capacity additions is anticipated as EUR 228Mn, inclusive of working capital requirements. As a result of these investments to be taken online in Mersin/Tarsus, Şişecam's Turkey-based frosted glass production capacity is expected to reach 324K tons/year by the end of 2024.
- The negotiations for the new collective labor agreement between the soda and chromium factories of Şişecam and Petrol-İş Labor Union where employees of Şişecam at the chemical salt facility are member has begun on 30/12/2022.
- Upon the resolution taken by the BoD of İşbank on 03/01/2023, İşbank Head Office had been authorized to purchase shares of its listed subsidiaries up to a maximum total purchase amount of TRY 3Bn on the market until the end of 2023 starting from the resolution date.
- As of 02/02/2023, within the scope of share buyback program, excluding 50Mn treasury shares sold on 29/11/2022, Şişecam bought back TRY 54.3Mn-nominal value shares, corresponding to 1.77% of the share capital.
- On 01/02/2023, Şişecam Resources LP ("SIRE") and Şişecam Chemicals Resources LLC ("SCR") have agreed to commence the process of delisting Şişecam Resources LP through the purchase of Şişecam Resources LP's publicly held shares. According to the agreement reached with the approval of the majority shareholder, the publicly held shares of Şişecam Resources LP will be purchased at a price of 25 USD/share and after the completion of the related legal procedures the company will be delisted.
- According to the Ministry of Trade Statement published in the Official Gazette on 18/10/2022, it has been decided to continue the anti-dumping measure in effect for the import of "glass fiber reinforced materials" originating from People's Republic of China.
- According to the Ministry of Trade Statement published in the Official Gazette dated 29/11/2022, based on an application made by Şişecam and supported by Düzce Cam, a final review investigation was initiated regarding the anti-dumping measure in force for the imports of colorless flat glass product defined as "Others" goods originating from Russia. The definitive anti-dumping measure of 8% and 10% of the CIF (cost, insurance, and freight) has been in force on imports of colorless flat glass goods originating from Russia since 23/12/2017.

Appendix

Sub-Segmental Breakdown of Revenue	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022
Architectural	23%	29%	29%	29%	28%	27%	24%	26%
Auto Glass & Encapsulation	11%	9%	10%	7%	7%	7%	7%	7%
Glassware	15%	16%	15%	11%	11%	11%	11%	11%
Glass Packaging	26%	22%	23%	16%	17%	19%	20%	19%
Chemicals	20%	18%	18%	30%	30%	30%	28%	30%
Soda Chemicals & Energy	13%	11%	11%	26%	26%	27%	26%	27%
Chromium Chemicals & Oxyvit	4%	4%	4%	1%	1%	1%	1%	1%
Glass Fiber	2%	1%	2%	2%	2%	2%	1%	2%
Mining & Other	2%	2%	2%	0.5%	0.4%	0.4%	0.1%	0.3%
Other	5%	7%	5%	7%	7%	7%	10%	8%

Breakdown of COGS Items	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022
Input & Materials & Packaging	44%	42%	44%	37%	38%	36%	32%	35%
Ngas	16%	23%	19%	27%	28%	29%	32%	30%
Electricity	6%	7%	7%	7%	6%	7%	6%	7%
Labor	13%	10%	12%	11%	11%	10%	10%	10%
Depreciation	9%	7%	8%	6%	6%	5%	5%	5%
Outsourcing & Other	11%	10%	10%	12%	12%	13%	15%	14%

Breakdown of Opex Items	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022
Indirect Material Costs	1%	2%	1%	1%	1%	1%	1%	1%
Salaries and wages expenses	19%	11%	17%	14%	15%	15%	17%	15%
Outsourced service	45%	69%	53%	42%	61%	61%	52%	59%
Miscellaneous expenses	28%	14%	24%	39%	19%	19%	23%	20%
Depreciation and amortization expenses	6%	4%	6%	4%	4%	4%	6%	5%

Regional Breakdown of Adjusted EBITDA	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022
Turkey	5,763	2,908	6,742	3,372	7,762	12,048	4,155	16,202
Foreign Operations	1,530	637	2,637	1,467	3,620	5,702	2,169	7,871
Russia, Ukraine and Georgia	853	398	1,243	370	898	1,500	480	1,980
Europe	646	210	1,228	518	1,476	2,095	936	3,031
US				515	1,088	1,867	663	2,530
Other	31	30	166	64	158	240	90	330

Regional Breakdown Adjusted EBITDA Margin	2020	Q4'21	2021	Q1'22	H1'22	9M'22	Q4'22	2022
Turkey	44%	47%	37%	37%	35%	33%	24%	30%
Foreign Operations	19%	13%	19%	19%	20%	19%	19%	19%
Russia, Ukraine and Georgia*	11%	8%	9%	5%	5%	5%	4%	5%
Europe*	8%	4%	9%	7%	8%	7%	8%	7%
US*				7%	6%	6%	6%	6%
Other*	0%	1%	1%	1%	1%	1%	1%	1%

**Geography-based Contribution to Non-Turkey Margin*

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