

Kale Seramik

2024 Q1 Operating Results

July 3, 2024



Legal Reminder

With the Capital Markets Board Bulletin dated 28/12/2023 and numbered 2023/81, it was announced to the public that issuers and capital market institutions subject to the financial reporting regulations of the Capital Markets Board were decided to implement inflation accounting by applying the provisions of IAS 29, starting from their annual financial reports for the accounting periods ending on or after 31.12.2023.

In this presentation prepared regarding the financial results of the 2024 Q3, inflation accounting was applied in accordance with the provisions of IAS 29 in line with the Capital Markets Board's Decision dated 28/12/2023, and its independently audited financial data were taken as a basis.

In addition to this information, considering the fact that the interim performance of our Company for 2023 was reported using financial data without inflation accounting, the data prepared according to historical costs for selected indicative items used in investor presentations in the past are also included in order to make a sound analysis by investors and analysts. **This additional information includes information that has not been independently audited and has been prepared within the scope of management reporting.**



2024 Q1 Highlights

- With the completion of the share transfer transactions, 49% participation in the capital of Al-Sadaf company established in Iraq
- Decision to participate in the paid capital increase of Al Sadaf company
- An order of approximately EUR 5.5 million worth of investment goods from one of our suppliers, Italian company SITI B&T

TL 2,4 billion

Net Sales

10,8%

Gross Margin

TL 347 million

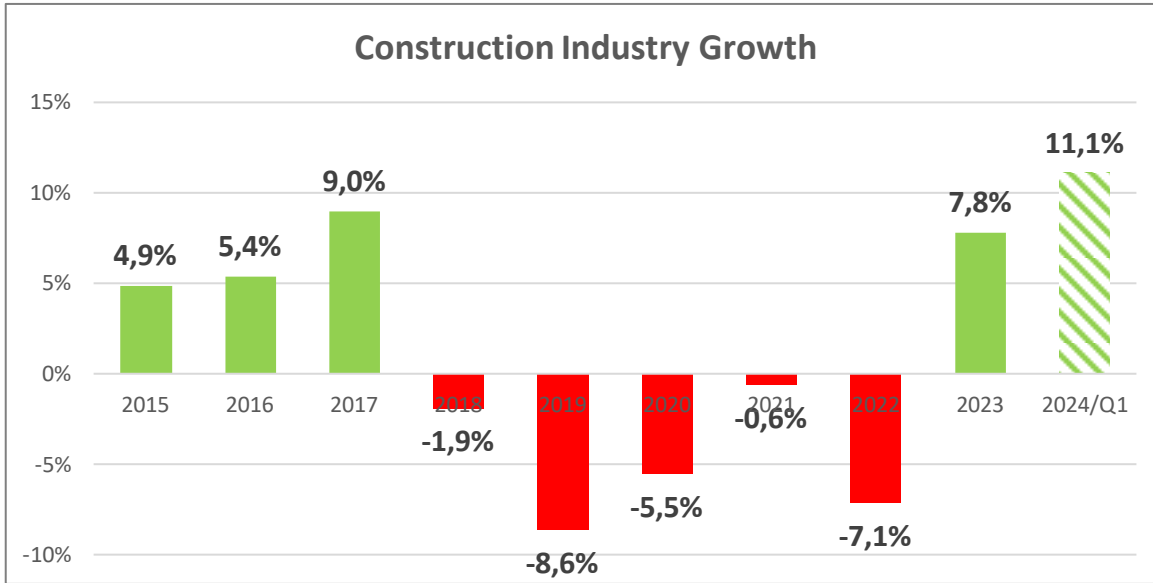
CAPEX

TL 2,5 billion

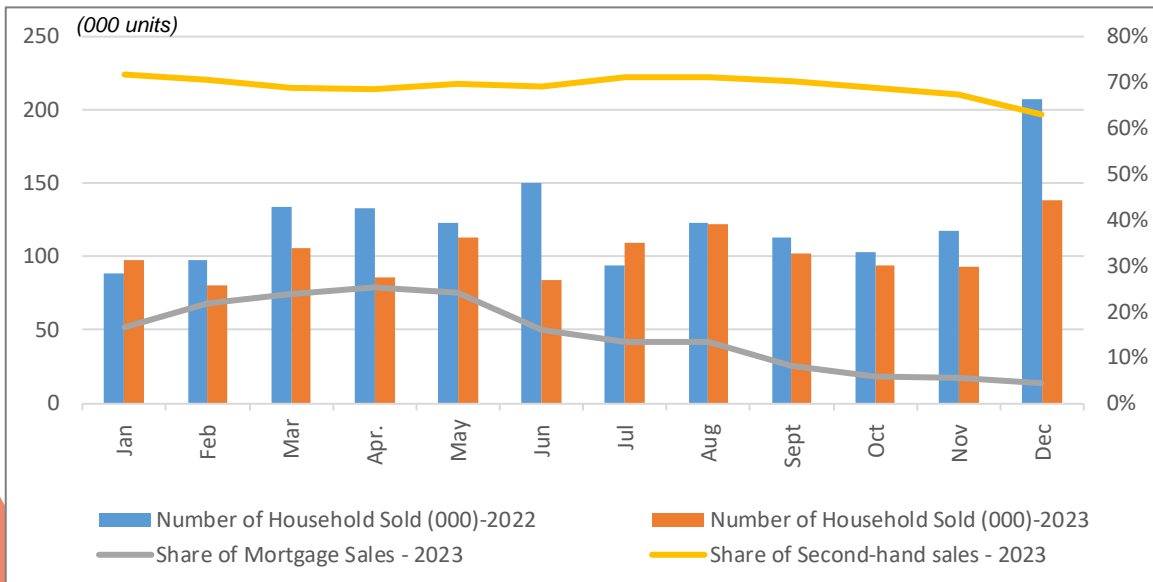
Cash & cash equivalents



Turkish Market: Construction Sector



- Construction sector continued to grow in 2024 Q1 after recording a growth in 2023.
- Within this growth, the low base effect, due to the earthquake in 2023 Q1, earthquake zone construction activities and infrastructure investments played a role.

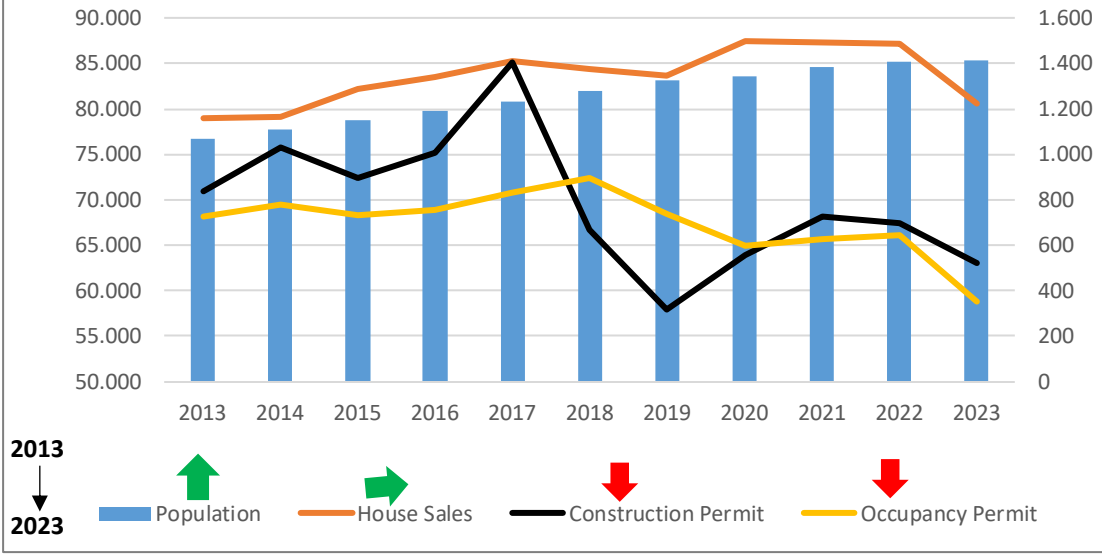


- After a 17.5% decline in 2023, there was another 1.3% decline in housing sales in 2024 Q1.
- Due to the rising housing interest rates, the decline in mortgage sales was 53%, and the share of mortgage sales in total sales decreased to less than 10%.
- While first-hand housing sales increased by 5.2%, second-hand housing sales decreased by 4%.



Turkish Market: Construction Sector

Development of Population and Housing Dynamics



DETERMINANTS IN THE CONSTRUCTION INDUSTRY

- **Strong organic demand for housing**
(Increasing population, need for new households as a result of marriage/divorce, decreasing number of people per household)
- **Activity in the markets before the local elections**
- **Recent increase in construction permits**
- **Construction activities in the earthquake zone**
(Construction of approximately 810 K independent units in the earthquake zone)
- **Urban transformation activities**
(According to a report in 2020, independent units that needs to undergo urban transformation is 6.7 Mio.)



Number of Damaged Buildings in 11 Provinces hit with earthquake	Number of Buildings	Independent units
No damage	860.006	2.387.163
Slightly damaged	431.421	1.615.817
Moderately damaged	40.228	166.132
Heavily damaged	179.786	494.588
Ruined	35.355	96.100
To be destroyed immediately	17.491	60.728
Not detected yet	147.895	296.508
TOTAL	1.712.182	5.117.036

Source: TR Presidency of Strategy and Budget Department, Earthquake Report 2023 March

- **Tightening monetary policy (high interest, etc)**
- **High construction costs & wage increases**
- **Limited skilled workforce in the sector**
- **Slowdown in public investment & tax regulations**



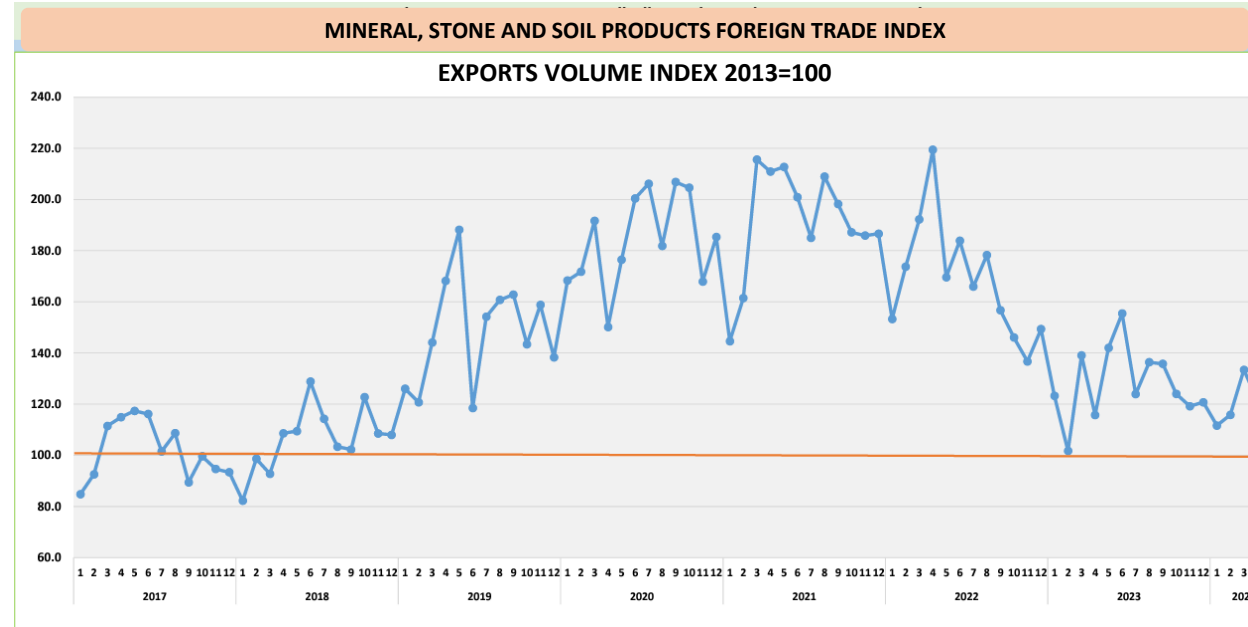


Export Markets: Construction Materials Industry

- The shrinkage in the construction sector in Europe, which is our main export market as a country, continued to have a limiting effect on the country's exports.
- In the first quarter of 2024, exports of construction materials decreased by 1.3% to USD 6.96 billion.
- The stagnation in export markets continued in the first quarter of 2024. Fluctuations in exchange rates and speculations about the aftermath of local elections also negatively affected foreign trade.
- Exports of ceramic coating materials and sanitary ware products, which are the main product groups of our company, decreased by 2.4% and 10.8%, respectively.

<i>Exports (USD million)</i>	Jan.-March 2024	Jan.-March 2023	Change
Construction Materials	6.962	7.053	↓ -%1,3
- Ceramic Coating Materials	159	162	↓ -%2,4
- Ceramic Sanitary Ware	68	76	↓ -%10,8

Kaynak: İMSAD





Investments

- The contract for the production system to be purchased within the scope of the "Supera Production Line", which is planned to be established in our facilities in Çanakkale, Çan, has been signed with the Italian SITI B&T Group as of Feb. 22, 2024.
- The delivery of the relevant machinery and equipment is expected to be completed within 4-6 months and production is expected to start in 2024 Q4.
- With a new investment of approximately EUR 5.54 million, it is planned to renovate and develop our existing old granite line and produce 120 cm.x280 cm. and 60 cm.x120 cm. slabs.
- The revenue from the new products to be produced in the production line is estimated to be in the range of 10-15% of the estimated turnover for 2025.



Financial Statements

IAS-29 APPLIED



Summary Income Statement*

* IAS-29 applied

<i>(TL million)</i>	2024 Q1	2023 Q1	Y-on-Y Change
Net Sales	2.365,7	3.261,8	-27,5%
Gross Profit	256,6	595,4	-56,9%
<i>Margin</i>	10,8%	18,3%	
Operating Profit	-143,9	19,5	
<i>Margin</i>	-6,1%	0,6%	
Profit Before Financing	-152,5	54,9	
<i>Margin</i>	-6,4%	1,7%	
Profit Before Tax	-386,3	199,1	
<i>Margin</i>	-16,3%	6,1%	
Net Profit	-527,2	277,6	
<i>Margin</i>	-22,3%	8,5%	
EBITDA	16,1	147,5	-89,1%
<i>Margin</i>	0,7%	4,5%	



Balance Sheet*

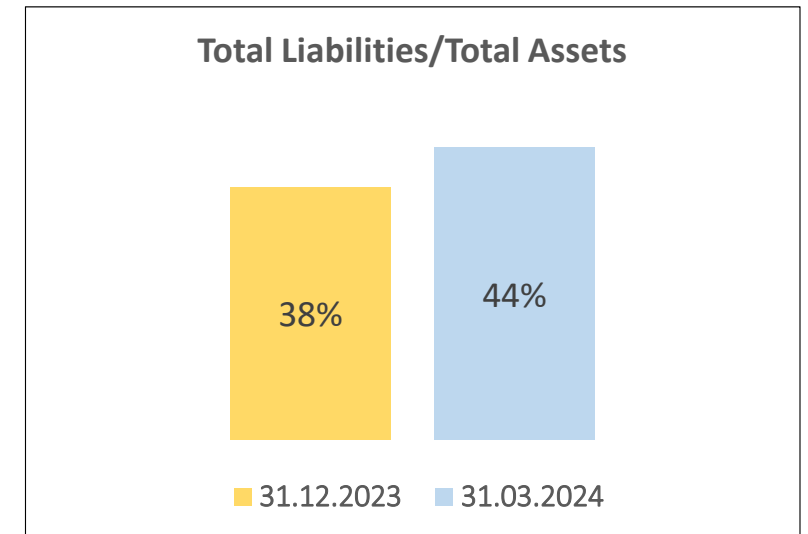
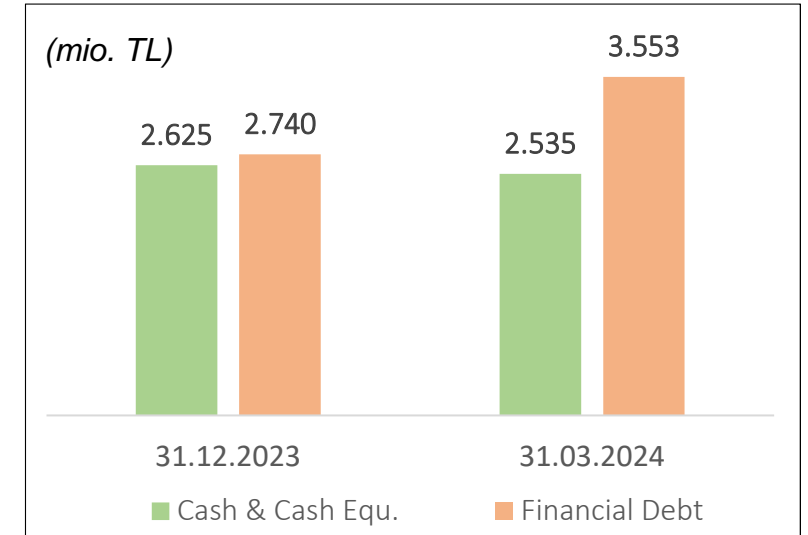
* IAS-29 applied

<i>(mio. TL)</i>	31.03.2024	31.12.2023		31.03.2024	31.12.2023
Current Assets	8.591,4	8.140,2	Current Liabilities	5.463,9	4.192,5
Cash & Cash Equivalents	2.535,0	2.625,3	Short Term Borrowings	2.705,7	1.664,0
Trade Receivables	2.123,4	1.976,5	Short Term Portion of LT Borrowi	274,8	398,2
Inventories	3.428,2	3.151,3	Trade Payables	1.878,8	1.561,6
Prepaid Expenses	318,1	165,8	Deferred Incomes	243,9	375,3
Current Tax Assets	32,6	24,8	Provisions	52,1	30,3
Others	154,2	196,5	Others	308,6	163,1
Non-current Assets	6.362,2	6.243,4	Non-current Liabilities	1.084,1	1.248,6
Financial Investments	86,3	60,0	Long Term Borrowings	572,1	677,4
Tangibles Assets	4.907,8	4.724,1	<i>Lease Liabilities</i>	<i>58,6</i>	<i>21,0</i>
Intangible Assets	332,8	320,8	Trade Payables	239,9	267,1
Properties for Investment Purpose	276,5	282,0	Provisions	272,1	304,0
Deferred Tax Assets	646,5	789,2	Total Equity	8.405,7	8.942,6
Others	112,4	67,3	Issued Capital & Inflation adj.	7.013,1	7.013,1
TOTAL ASSETS	14.953,7	14.383,6	TOTAL LIABILITIES & EQUITY	14.953,7	14.383,6



Cash & Financial Debt

- As of the end of 2024 Q1, the total value of cash and cash equivalents is TL 2.53 billion.
- There are a total of TL 3.55 billion in short- and long-term financial liabilities.
 - TL 78,6 million is due to operational leasing agreements
 - 84% short term
 - 27% FX-based*
 - 74% fixed – 26% variable interest
- As stated in the prospectus, TL 528.3 mln. of the financial debt were closed with 20% of the net TL 2.64 billion fund obtained from the IPO.



* With hedging operations, currency risk is eliminated.

Appendix



Summary P&L Statement (*IAS-29 not applied*)

<i>(mio. TL)</i>	2024 Q1	2023 Q1	Y-on-Y Change
Net Sales	2.235,6	1.844,7	21%
Gross Profit	582,9	519,3	12%
<i>Margin</i>	26,1%	28,1%	
Operating Profit	218,6	208,3	5%
<i>Margin</i>	9,8%	11,3%	
Profit Before Tax	-18,4	116,2	-116%
<i>Margin</i>	-0,8%	6,3%	
Net Profit	138,0	281,4	-51%
<i>Margin</i>	6,2%	15,3%	
EBITDA	271,1	231,9	17%
<i>Margin</i>	12,1%	12,6%	

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