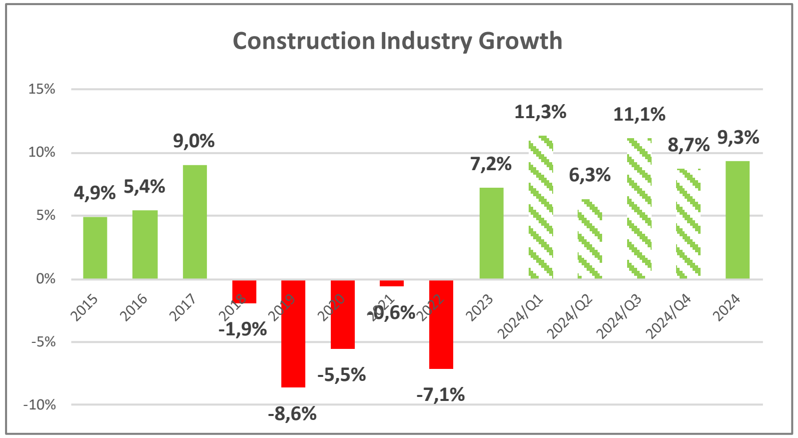
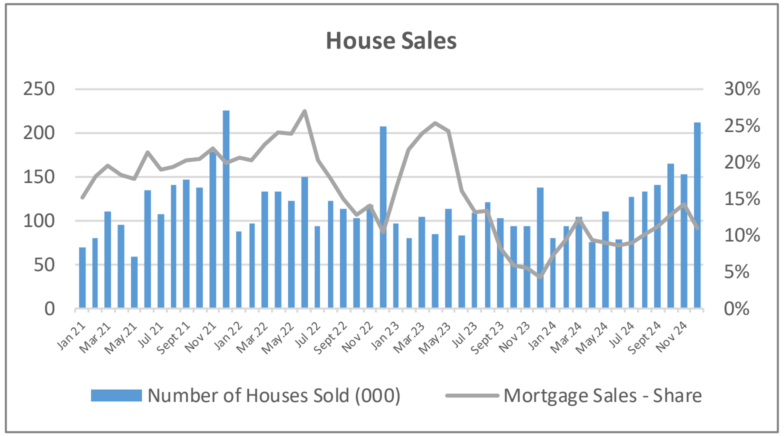
Kale Seramik

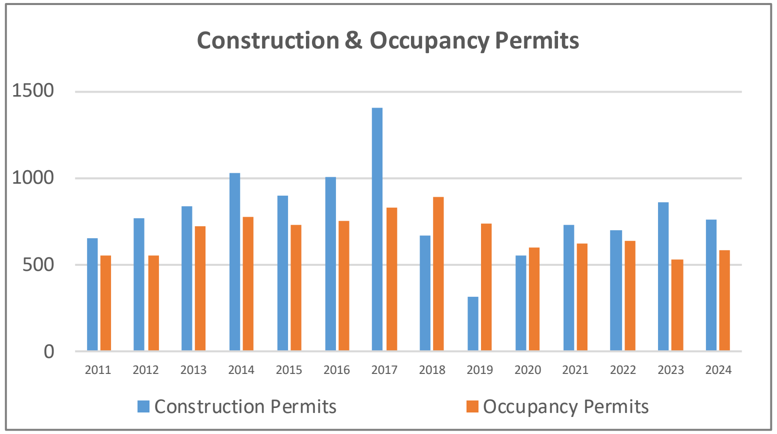
2025 3-Month Operating Results

May 12, 2025

Turkish Market: Construction Industry







- Construction sector, which **contracted for 5 consecutive years between 2018-22**, made **positive a contribution** to economic growth **in 2024 after 2023.**
- Although the sector maintained growth momentum in 2024 due to r**econstruction works in the earthquake zone** and the **urban transformation projects** that gained momentum after the local elections, it **remained far from compensating for the losses of the 2018-22 period.**

- In the first quarter of the year, there was a **20% increase in housing sales**.
- Due to high credit costs, **15% of sales** were due to **mortgage sales**. **(2024:%11)**
- Approximately **30%** of housing sales were **first-hand sales.**

  (2013-19 average : 45%,

  2020-24 average : 31%)

- **Building construction permits** issued in 2024 **decreased by 13%** to 758 K.

  (Last 10 Year average 790 K)
- **Building occupancy permits**, which show completed houses, **increased by 10% in 2024** (586 K), after the lowest level of the last 13 years (535 K) in 2023.

  (Last 10 Year average 694 K)

Source: TÜİK, İMSAD

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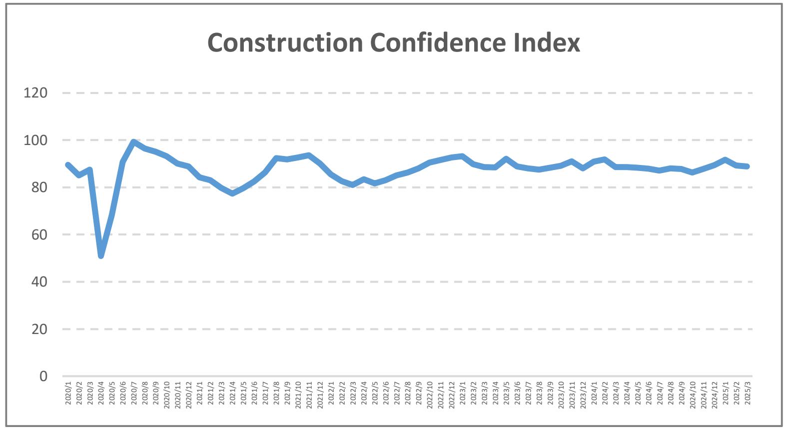
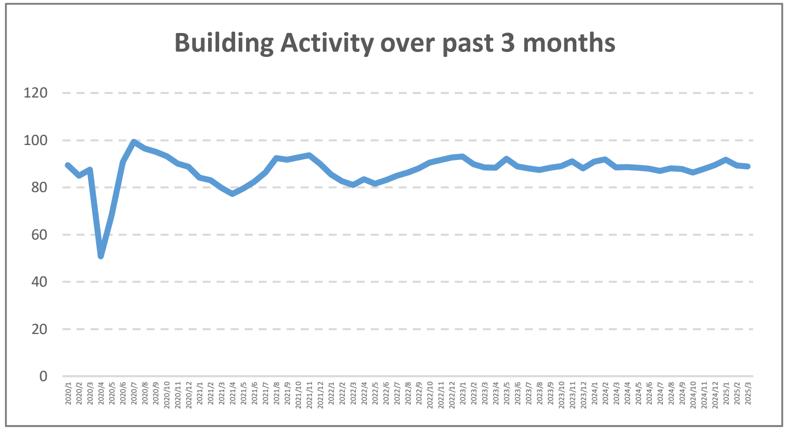
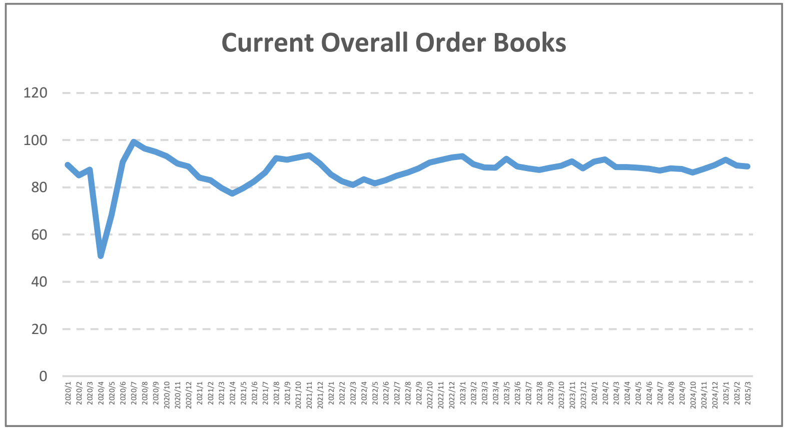






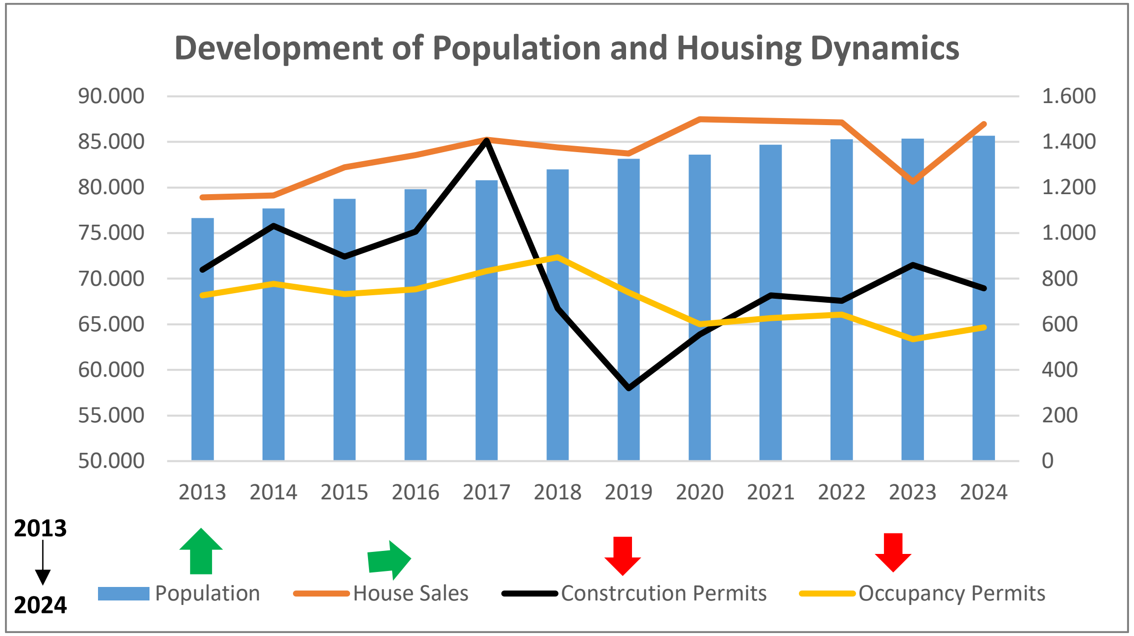
- The **construction confidence index**, which tended to increase in the first quarter of the year, **decreased by 3.4 points** in April due to the political tensions and the financial shocks caused by them.

- **Existing construction works** weakened in Jan.-Feb. due to the winter and increased again in March.
- The effects of financial shocks caused by political tensions emerged in April, and the index **declined by 2.5 points** with the additional tightening measures taken.

- **New business orders decreased by 1.6 points** in April after February and March.
- Due to the harsh winter conditions and financial shocks, new business orders decreased significantly in April as well.

Source: TÜİK, İMSAD

Turkish Market: Construction Industry - *Potential*



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)

- **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.)

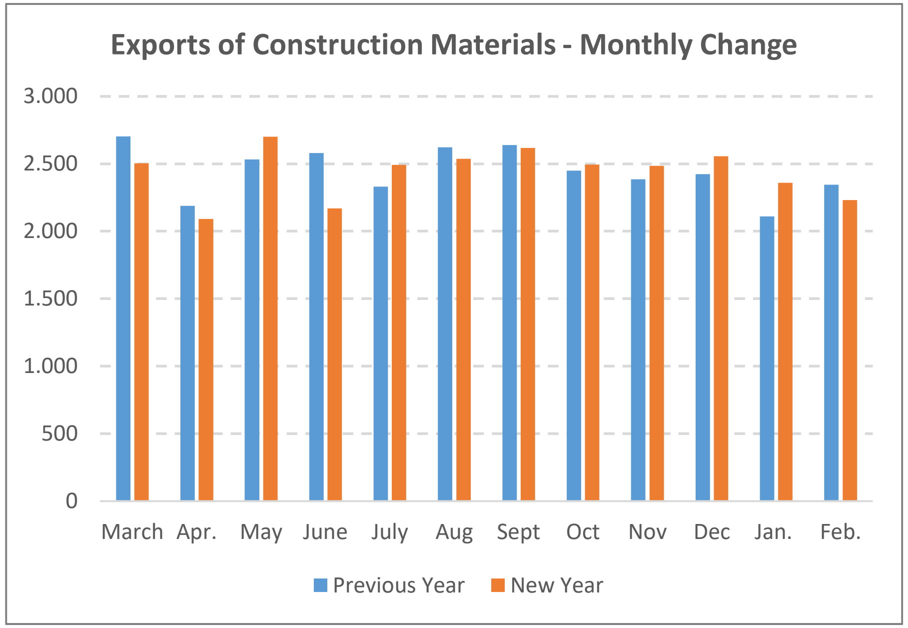
- **Recent increase in construction permits**

- **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

- According to Jan.-Feb. '25 data announced by IMSAD, our country's construction material exports increased by 3.0% compared to the same period of the previous year.
- In February 2025, construction material exports decreased by 4.8% compared to February 2024. The increase in exports, which has been going on for the last 4 months, was interrupted in February.
- Exports of ceramic coatings, which are the main product groups of our company, increased by 1,1%, while exports of ceramic sanitary ware decreased by 14.8%.

Exports (USD mio.)	Jan-Feb 2025	Jan-Feb 2024	Change
Construction Materials	**4.589**	**4.457**	**%3,0**
- Seramic Coating	100	99	%1,1
- Seramik Sanitary ware	37	43	-%14,8



Kaynak: İMSAD

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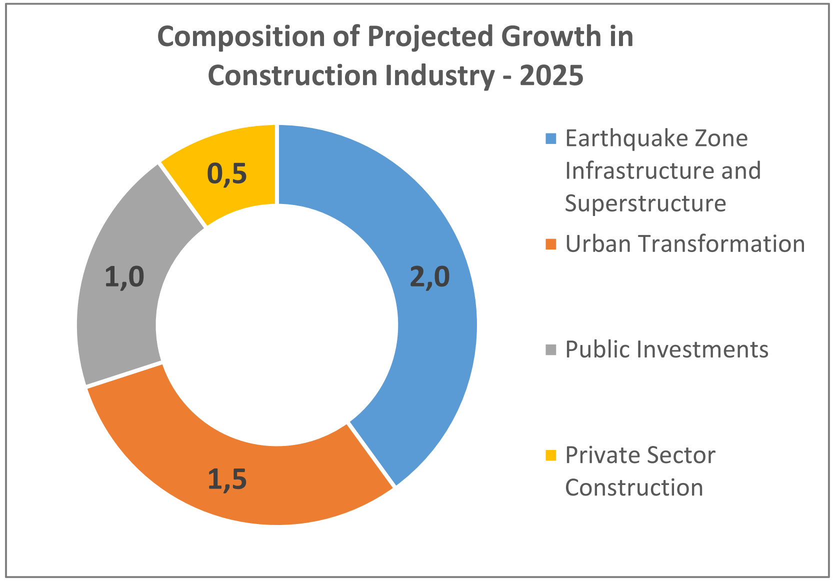
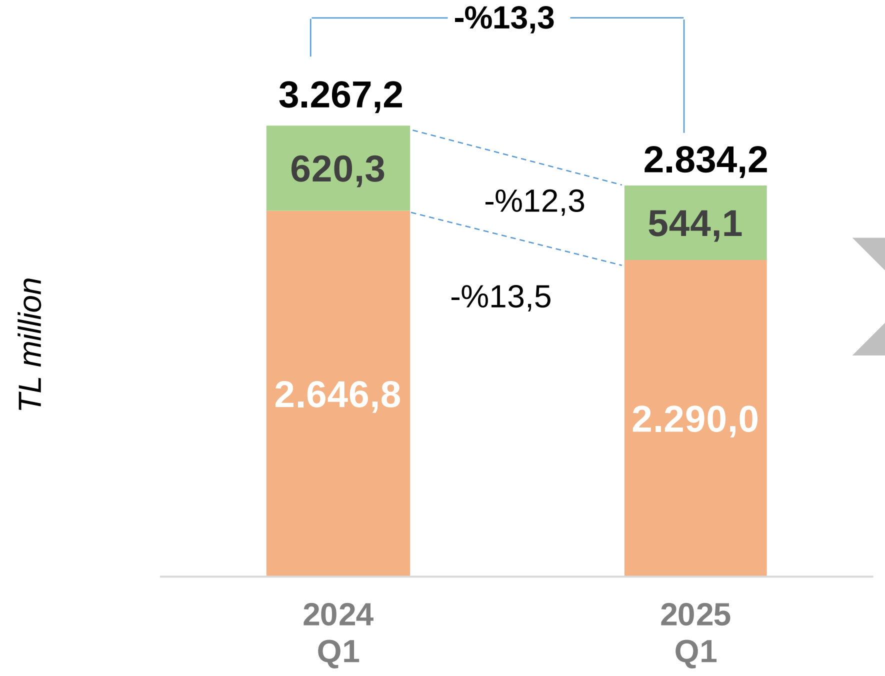
Turkish Market: Predictions for 2025

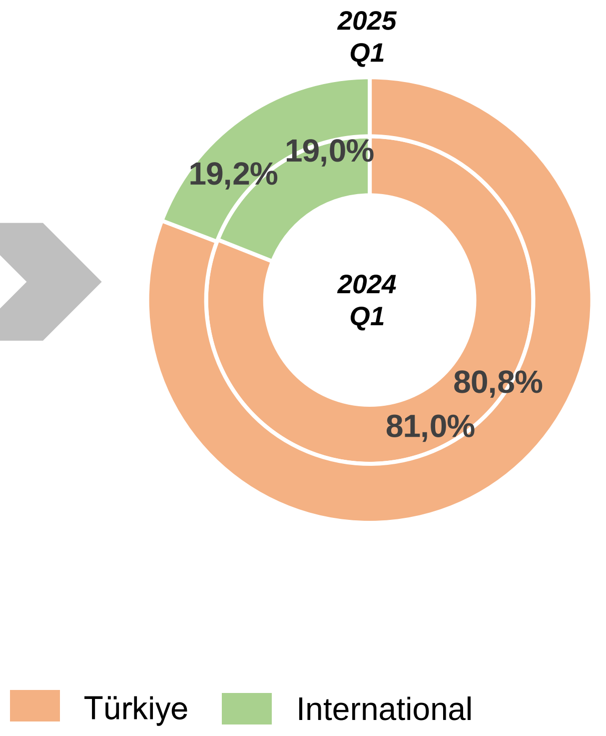
- In the light of the developments in the first 4 months of the year, **IMSAD** maintains its 5% growth expectation for the construction sector at the beginning of the year.
  - **Earthquake Zone Infrastructure and Superstructure Constructions**: The public sector has targeted the completion of the construction of 295,000 independent sections by 2025.
  - **Istanbul Earthquake and Urban Transformation**: The 6.2 magnitude earthquake in the Marmara Sea in April may be a trigger for urban transformation again.
  - **Social Housing Constructions**: In order to limit the increase in housing prices and housing rents, the public sector aims to build 125,000 social housing units in 81 provinces in 2025.



Source: İMSAD

Sales Growth & Breakdown by Region





- Factors such as tightening measures in the economy (high interest rates, etc.) and high construction costs continued to put pressure on domestic demand.
- The recession in Europe, which is the main export market, the additional uncertainty created by the tariff wars and the appreciation in the TL were also factors that negatively affected the export side.

Investments

- As of February 22, 2024, the contract for the "Supera Production Line - Ground Glazed Porcelain Production System" to be purchased within the scope of the "Supera Production Line" planned to be established in our production facilities in Çanakkale, Çan, was signed between our company and the Italian company SITI B&T Group.

- With the new investment of EUR 5,54 mln. made within the scope of the Slab-Sinterflex investment in the prospectus, the existing old granite line will be renewed and developed, and slabs in the dimensions of 120 cm.x280 cm. and 60 cm.x120 cm. will be manufactured.

- The new line, which will produce products that are expected to reach a 10-15% share in the estimated turnover of 2025, was commissioned in January 2025.

Financial Statements

IAS-29 APPLIED

P&L Summary*

** IAS-29 applied*

(TL million)	2025 3 Month	2024 3 Month	*Y-on-Y Change*
Net Sales	2.834,2	3.267,2	*-13,3%*
Gross Profit	124,7	354,4	*-64,8%*
Margin	*4,4%*	*10,8%*	
Operating Profit	-578,8	-198,7	
Margin	*-20,4%*	*-6,1%*	
Profit Before Financing	-600,5	-210,6	
Margin	*-21,2%*	*-6,4%*	
Profit Before Tax	-624,6	-533,5	
Margin	*-22,0%*	*-16,3%*	
Net Profit	-646,7	-728,1	
Margin	*-22,8%*	*-22,3%*	
EBITDA	**-333,1**	**22,3**	
Margin	*-11,8%*	*0,7%*	

Balance Sheet*

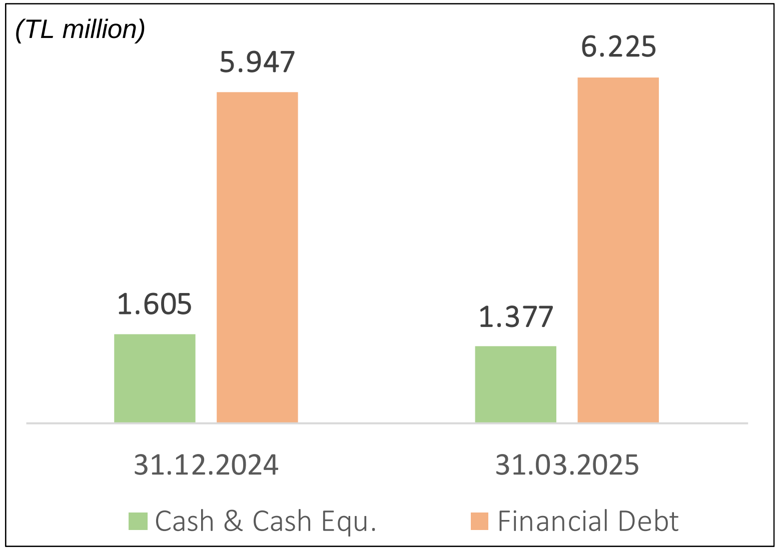
*** IAS-29 applied***

(TL million)	31.03.2025	31.12.2024
Current Assets	**8.206,5**	**7.874,2**
Cash & Cash Equivalents	1.376,8	1.604,9
Trade Receivables	2.867,5	2.133,7
Inventories	3.354,0	3.653,2
Prepaid Expenses	438,4	281,3
Current Tax Assets	86,0	71,6
Others	83,8	129,5
Non-current Assets	**9.281,0**	**9.158,5**
Financial Investments	62,0	70,3
Tangibles Assets	7.407,6	7.225,3
Intangible Assets	585,4	577,9
Properties for Investment Purpose	371,8	349,7
Deferred Tax Assets	719,7	736,9
Others	134,4	198,4
TOTAL ASSETS	**17.487,5**	**17.032,7**

	31.03.2025	31.12.2024
Current Liabilities	**8.577,0**	**7.522,7**
Short Term Borrowings	5.059,6	4.714,3
Short Term Portion of LT Borrowing	310,7	317,7
Trade Payables	2.724,6	2.021,2
Deferred Incomes	146,4	208,8
Provisions	81,7	46,2
Others	253,9	214,4
Non-current Liabilities	**1.435,7**	**1.486,9**
Long-Term Bank Borrowings	785,4	842,1
Long-Term Leasing	69,1	73,2
Trade Payables	154,6	152,3
Provisions	426,6	419,2
Total Equity	**7.474,8**	**8.023,1**
Issued Capital & Inflation adj.	9.685,4	9.685,4
TOTAL LIABILITIES & EQUITY	**17.487,5**	**17.032,7**

Cash and Financial Debt Structure

- As of the end of 2025 Q1, the total value of cash and cash equivalents is TL 1.4 billion.
- There are a total of TL 6.2 billion in short- and long-term financial liabilities.
  - TL 104 million is due to operational leasing agreements
  - 86% short-term
  - 42% in FX
  - 69% with fixed interest rates
- As of the end of the 2025 Q1, the total net financial debt* is TL 4,7 billion.



* Cash and cash equivalents were deducted, and liabilities related to leasing transactions were ignored.

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Annex

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

(TL million)		2025 Q1	2024 Q1	*Y-on-Y Change*
Net Sales		2.730,4	2.235,6	*22,1%*
Gross Profit		565,1	582,9	*-3,0%*
	Margin	*20,7%*	*26,1%*	
Operating Profit		-82,7	218,6	
	Margin	*-3,0%*	*9,8%*	
Profit Before Financing		-102,0	211,2	
	Margin	*-3,7%*	*9,4%*	
Profit Before Tax		-571,2	-18,4	
	Margin	*-20,9%*	*-0,8%*	
Net Profit		-386,7	138,0	
	Margin	*-14,2%*	*6,2%*	
EBITDA		**6,0**	**271,1**	***-97,8%***
	Margin	*0,2%*	*12,1%*	

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