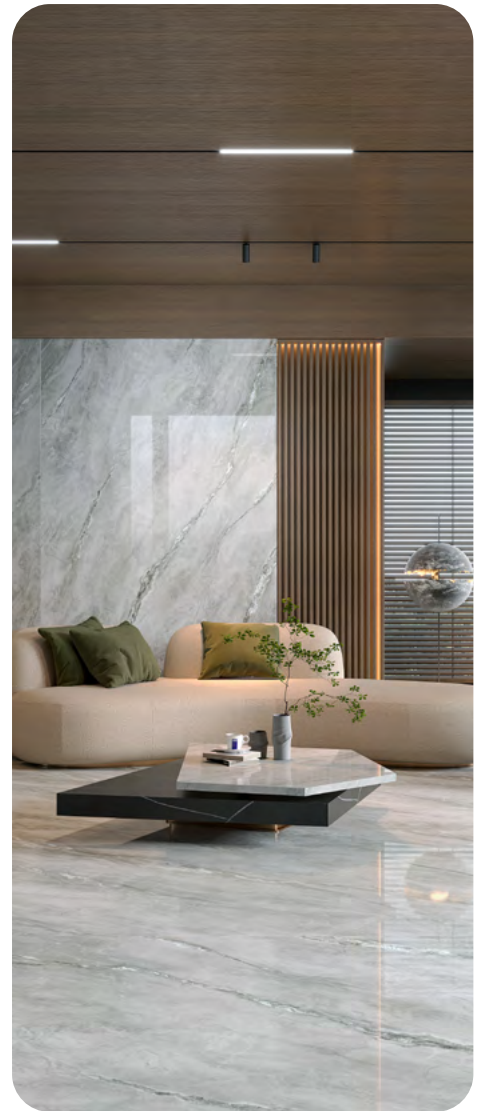


QUALITY, TRUST, INNOVATION:

■ Kale Seramik



ANNUAL REPORT 2024

CONTENTS

Kaleseramik at a Glance

- 14 Developments in 2024
- 16 About Kale Group
- 22 About Kaleseramik
- 24 Our Vision and Values
- 26 Our Strategy
- 27 Shareholding Structure
- 28 Operation Map
- 30 Kaleseramik in the World
- 32 Milestones
- 34 Key Financial and Operational Indicators
- 36 Awards and Achievements
- 37 Certificates and Documents
- 38 Investor Relations and Stock Performance

Management

- 40 Message from the Chairperson
- 42 Board of Directors
- 45 Board Committees and Assessment of the Board of Directors
- 46 Message from the General Manager
- 48 Senior Management
- 49 Organizational Chart

2024 Activities

- 50 An Overview of the Industry in 2024
- 54 Manufacturing Facilities
- 56 Products and Services
- 58 Marketing and Sales
- 62 Investments
- 64 R&D Activities
- 68 Information Technologies
- 70 Human Resources

Sustainability

- 74 Sustainability Approach
- 80 Occupational Health and Safety
- 82 Environment
- 84 Corporate Social Responsibility

Corporate Governance

- 88 Subsidiary Report
- 88 Financial Rights Granted to the Members of the Board of Directors and Senior Executives
- 89 Internal Audit and Internal Control Activities
- 90 Information on Risk Management Practices
- 92 Other Explanations
- 93 Statement of Compliance with the Corporate Governance Principles
- 94 Corporate Governance Principles Compliance Report and Information Form
- 105 Statement of Compliance with the Sustainability Principles
- 106 Sustainability Principles Compliance Report
- 115 Amendments to the Articles of Association
- 116 Annual Report Statement of Responsibility
- 117 Annual Report Compliance Opinion

Financial Information

- 119 Consolidated Financial Statements and the Independent Auditor's Report for the Period
January 1 - December 31, 2024

Contact

Born in 1957 as Türkiye's first ceramic tile producer, we have devoted more than half a century to bringing beauty into everyday spaces.

For 67 years, our innovative perspective has shaped Türkiye's ceramic sector, guiding our growth through design and innovation. As pioneers in the ceramic world, we elevate industry standards by developing cutting-edge products and designs rooted in the latest technologies. In crafting the spaces of tomorrow, we remain steadfast in our commitment to environmental stewardship and sustainability.

ROBUST INVESTMENTS, SUSTAINABLE GROWTH

We are committed to sustainable growth by means of strategic investments. Kalesinterflex and T-One are empowering us to move beyond traditional ceramic applications, reaching wider audiences through innovative uses. As we expand our global footprint, we are pursuing high-impact strategies and setting our sights on the Middle East and the United States. Our new factory in Iraq solidifies our presence in the Middle East.

—
USD **230**
million

**TOTAL INVESTMENTS
IN THE LAST 5 YEARS**



RAPID TRANSFORMATION FOR THE FUTURE

To hone our competitive edge and prepare Kaleseramik for the future, we have undertaken a swift transformation. We are simplifying workflows and streamlining operational processes, aiming to deliver timely and effective solutions tailored to emerging demands. We are continuously enhancing our technological and innovative infrastructure, while sharpening the capabilities of our teams to the highest standards.

—
TL **1.6**
billion
TOTAL
INVESTMENTS



DEEPENING CUSTOMER FOCUS

To serve our customers better, we restructured our marketing organization. This new framework is centered around community expertise, enabling us to understand customer segments more comprehensively and provide tailored solutions that address specific needs.

—
21.7%

**KALESERAMİK'S VALUE
MARKET SHARE IN THE
TILE SEGMENT**

Source: GfK



FOCUSING ON GLOBAL MARKETS

Expanding our reach worldwide, we refine our export strategies and analyze market dynamics in target countries. Alongside participation in strategic fairs such as Cersaie and Coverings, we actively engage in local exhibitions to connect with a diverse and extensive customer base.

—
80+

NUMBER OF COUNTRIES
EXPORTED TO



THE FUTURE OF CERAMICS: LARGE FORMAT PORCELAIN SLABS

Kalesinterflex, Türkiye's largest porcelain slab, offers a wide range of sizes from 120x120 cm up to an impressive 162x323 cm, with thicknesses varying between 3 mm and 20 mm. These versatile products inspire solutions not only for living spaces but also for furniture and kitchen countertops. Through our 533 sales points across Türkiye, we reach new customer groups and introduce Kalesinterflex's limitless design possibilities to a wider audience. We continue to accelerate investments towards expanding production capacity and advancing our technological infrastructure.

—
EUR **15**
million

INVESTMENT IN
EQUIPMENT SUPPLIED BY
SYSTEM CERAMICS SPA

—
USD **10**
million

INVESTMENT IN
EQUIPMENT SUPPLIED BY
SITI B&T GROUP SPA



HOLISTIC APPROACH TO BATHROOM PRODUCTS

By modernizing our bathroom product lines, we aim to ramp up production capacity by 30%, sharpening our edge in the market. Our all-encompassing bathroom solutions are designed to meet every customer need-conveniently gathered under one roof, and thus simplifying and enriching the customer experience.

—
56
million m²

CERAMIC COATING
MATERIAL PRODUCTION
CAPACITY

—
1.1
million units

VITRIFIED PRODUCTION
CAPACITY

—
84
thousand modules

BATHROOM FURNITURE
PRODUCTION CAPACITY



DEVELOPMENTS IN 2024

Kaleseramik **strengthens production capacity** through strategic investments.

As a brand exporting to over 80 countries, Kaleseramik has expanded its international investments with its **maiden production operation in Iraq.**

Expanding large-format porcelain slab production

Kaleseramik has entered into a EUR 15 million investment agreement with System Ceramics Spa, a leader in ceramic production technology, to expand Kalesinterflex's production capacity. This strategic initiative aims to increase the production of large-format porcelain slabs—specifically sizes 100x300 cm and 120x360 cm—by 50%.

The new production line, which will be completed in two phases by 2025, will elevate the annual output of large-format porcelain slabs from 1.6 million m² to 2.4 million m², bringing the overall porcelain slab

production capacity to 5.6 million m². This expansion will solidify Kaleseramik's global position in large-format porcelain slab production and consolidate its ability to create higher-quality, distinctive products.

We solidified granite production with the New Supera Line

During the Ceramic Festival, Kaleseramik unveiled the Supera Production Line at its granite production facilities, developed in collaboration with the Italian company SITI B&T Group S.p.A. Utilizing the Glossy Glazed Porcelain Production System, this line will facilitate the production of sizes 120x280 cm, 120x120 cm, and 60x120 cm, increasing product diversity. This step, which will enable a faster response to market demands, is expected to generate 10–15% of the projected 2025 revenue from these products. In addition, the USD 10 million investment in the renovation and upgrade of the former granite production line will increase the Company's production capacity and enable it to respond more effectively to customer expectations.

Launching production in Iraq on a significant date

As a brand exporting to over 80 countries, Kaleseramik has expanded its international investments with its maiden production operation in Iraq. Production officially commenced on the symbolic date of May 19, as part of the partnership with Baghdad-based Al-Sadaf Porcelain. Under the Kalebodur brand, production is underway in Iraq across eight different series, focusing on the highly

demanding 60x120 cm and 60x60 cm sizes. It is planned to increase the current annual production capacity of 2.5 million m² to 7 million m², depending on market dynamics, and to expand the product portfolio. With the existing investment, an annual contribution of USD 20 million to sales revenue is projected, while Kaleseramik will take pioneering steps in porcelain production in Iraq and move forward with determination on its long-term growth path.

Launch of ultra-thin 2 mm porcelain slabs

Kaleseramik has reached a major milestone in production technology by launching the manufacturing of ultra-thin porcelain slabs just 2 mm thick, adding yet another groundbreaking innovation to its portfolio over the year. Despite their lightweight and slim profile, these innovative products exhibit exceptional durability, thereby redefining the standards within the ceramics industry and providing added value to customers. Manufactured in alignment with the Company's renewed and distinctive sustainability approach, these slabs achieve substantial energy savings by utilizing 33% less raw material, which significantly reduces environmental impact.

Introduction of Türkiye's new 120x280 cm porcelain tile

In 2024, Kaleseramik enhanced its innovative product portfolio by introducing new dimensions to the ceramics market. Under the slogan "Kalebodur, This Is Ceramics," Kalebodur—a brand synonymous with ceramics in Türkiye—has launched a new porcelain tile that



embodies grand concepts. With its aesthetic appeal and functional advantages tailored for modern architecture, the new 120x280 cm tile expands the creative possibilities for architects and design professionals.

Groundbreaking innovation with T-One, Türkiye's first porcelain countertop

Among the pioneering products introduced by Kaleseramik in 2024 is T-One, Türkiye's first porcelain countertop. Engineered based on the exceptional characteristics of Kalesinterflex, the T-One Porcelain Countertop has garnered widespread acclaim for its durability, elegant design, hygienic surface, and customizable color options. Available in a generous 162x323 cm size and offered in 12 mm or 20 mm thicknesses, T-One delivers flexible solutions for both professionals and decoration enthusiasts. Crafted with sustainable production technologies, it maximizes efficiency in raw material and energy use, supporting the development of healthy, environmentally friendly living spaces.

Achievement of ISO 500 and Fortune 500 rankings

For Kaleseramik, 2024 was a year characterized not only by new investments and innovative product launches but also by recognition of its strong performance through

prestigious accolades. The Company achieved a position on both the Istanbul Chamber of Industry (ISO) 500 and Fortune 500 lists, reaffirming its robust standing in the sector. Based on its performance in 2023, Kaleseramik ranked 211th on ISO's list of Türkiye's top industrial enterprises and 223rd on the Fortune 500 list, which includes the country's largest companies.

We were honored with an iF Design Award

In 2024, Kaleseramik received the iF Design Award for its Earth Collection, launched under the Kalesinterflex brand and inspired by nature. Drawing inspiration from nature, this serene yet modern collection brings a refined, organic elegance to interiors. This accolade further confirms Kaleseramik's global presence and influence in design and innovation.

Special Jury Award for Best Companies from ACIMAC and IEG

Kaleseramik continues to strengthen the global standing of Türkiye's ceramics industry through its pioneering projects and strategic investments. As part of these initiatives, the Company was granted the Special Jury Award for "Partner Country Türkiye – Best Companies" at TecnaAwards 2024—one of the industry's most prestigious

events—organized by ACIMAC and IEG in collaboration with Ceramic World Review magazine. These achievements highlight the industry's recognition of Kaleseramik's efforts, reinforcing the Company's forward-looking approach and deepening its motivation to shape the future.

Our R&D center becomes the first and only Turkish member of ECerS

Established in 1975 as Türkiye's first R&D center in the construction industry, the Kaleseramik R&D Center has become the first and only Turkish laboratory to join the European Ceramic Society (ECerS). This membership enables the R&D laboratory to support emerging researchers within the ECerS network, while also positioning it as a partner of choice for units seeking laboratory services under European Union grant programs and for collaborative projects with leading ceramic research groups across Europe.

59 Kalesinterflex products certified by NSF

In 2024, 59 products developed using Kalesinterflex—Türkiye's first and only extra-large porcelain slab—received international NSF certification. Manufactured with sustainable technologies, these products meet rigorous global standards for design, hygiene, health, safety, and quality.

ABOUT KALE GROUP

Kale Group creates sustainable value through a people- and planet-conscious approach, **generating meaningful impact across both economic and social domains.**

—
5

thousand+
EMPLOYEES

Founded in 1957 by Dr. (h.c.) İbrahim Bodur, Kale Group has grown into a diversified industrial powerhouse, operating in ceramics, construction chemicals, mining, logistics, and aerospace through 26 companies and a workforce of over 5,000 employees.

In building materials, Kale Group ranks as the 4th largest manufacturer in Europe and the 21st largest globally, while also standing as the market leader in construction chemicals in Türkiye.

Having entered the aerospace industry in 1987, the Group is now a tier-one supplier to the world's leading aerospace companies and serves as a pivotal stakeholder in several of Türkiye's most significant national projects.

Rooted in its industrial legacy and entrepreneurial spirit, Kale Group continues to champion sustainable progress, blending innovation with responsibility to deliver long-term value for society and the environment.

Dr. (h.c.) İbrahim Bodur Kaleseramik Education, Health and Social Aid Foundation, founded in 1991, aims to make the Kale Group's contributions to society enduring through its efforts in education and employment. In addition, the Kale Group is dedicated to enhancing the ecosystem of design, art, local development, and social entrepreneurship, collaborating with creative individuals and communities to cultivate original and inspiring projects.

—
In building materials, Kale Group ranks as the 4th largest manufacturer in Europe and the 21st largest globally, while also standing as the **market leader in construction chemicals in Türkiye.**

Kale Group Milestones

- ◆ **1957**
The first ceramic factory in Türkiye
- ◆ **1961**
The first production of electric insulators in Türkiye
- ◆ **1962**
Türkiye's first ceramic export
- ◆ **1972**
The first porcelain floor tile production in Türkiye
- ◆ **1973**
Türkiye's first construction chemicals factory
- ◆ **1975**
The first R&D center in the construction industry
- ◆ **1987**
The first aviation project in Türkiye with 100% domestic capital
- ◆ **1991**
Kaleseramik Education, Health and Social Aid Foundation (KSV)
- ◆ **2004**
Production of parts for the F-35 project
- ◆ **2005**
Production of Kalesinterflex, the finest ceramic in the world
- ◆ **2010**
Joint investment with Pratt & Whitney for the production of aircraft engine parts
- ◆ **2019**
Design of Türkiye's first Turbo Jet Engine

Kale Design and Art Center (KTSM)
- ◆ **2020**
The first company in Türkiye to receive the Health Product Declaration (HPD)

The start of the Care for Your World movement
- ◆ **2021**
Initial public offering of Kalekim

KTJ-3200 Turbo Jet Engine goes into mass production
- ◆ **2022**
Kalekim & Lyksor partnership
- ◆ **2023**
Initial public offering of Kaleseramik

Kaleseramik new production line (1.5 million m²)
- ◆ **2024**
Title change at Kale-Argo: Kale Jet Engines



ABOUT KALE GROUP

Türkiye's leading ceramic manufacturer

47

thousand tons

**KALE FRIT
FRIT PRODUCTION
CAPACITY**

Kale Mining has an average **annual sales volume of 1 million tons.**

Kaleseramik's products reach consumers in over **80 countries worldwide.**

Group Companies

Building Materials

Kaleseramik

- The leader of Türkiye, Europe's 4th largest and the world's 21st largest ceramic manufacturer
- Products meet consumers in more than 80 countries
- A wide range of products including floor tiles, wall tiles, slabs and porcelain countertops, ceramic coating materials, ceramic sanitary ware, bathroom furniture, complementary products, accessories and fixtures

Kale Mining

- 52 license areas
- Operating in 713 km² license area
- 22 active quarries in 7 different cities
- 200 thousand tons grinding and 2.5 million tons crushing capacity
- Average annual sales of 1 million tons

- Production in 12 different mineral groups (Kaolin, Clay, Quartz, Feldspar, Calcite, Dolomite, Silex, Halloysite, Granite, Perlite, Limestone, Syenite)

Kale Frit

- The largest and cutting-edge frit production facility in Türkiye and one of the known manufacturers in Europe
- With a production capacity of 47 thousand tons of frit, semi-finished frit supply to the floor and wall ceramic products of the Kale Group
- Kale Frit, also containing special products in its product range, is the first and only domestic granulated frit manufacturer in Türkiye
- In addition to the products in the ceramic tile and ceramic tableware industries that are constantly updated, fast, and innovative products for all ceramic manufacturers with more than 180 types of frit



Kalekim's production capacity **exceeds 1 million tons.**

80+
KALEKİM'S
EXPORT
COUNTRIES

Construction Chemicals

Kalekim

- Türkiye's first ceramic adhesive mortar production
- With more than 400 product types of products and an annual production capacity of more than 1 million tons, ceramic adhesives, joint sealants, waterproofing, performance repair solutions, ceramic cleaning and maintenance materials, industrial floor coverings, thermal insulation systems
- Interior and exterior wall paints and decorative exterior wall plaster with a paint and plaster capacity of 50 thousand tons under the Bi'Boya and Kale brand
- Visuelle, the new brand of decorative coating with its special textures and unique designs
- Exports to more than 80 countries

Kalekim Lyksor

- More than 25 years of experience in construction chemicals and concrete technologies

Aerospace

Kale Aero

- The first aerospace industry company established with 100% Turkish capital
- Supplier of structural parts and sub-assemblies to Boeing, Spirit, Honeywell, Heroux Devtek, Hutchinson-PFW, KAI, and CTRM, the largest aviation companies in the world
- Leading supplier to the F-35 program in the past
- Manufacturer of critical components of Kale Jet Engines
- One of the critical supply chain stakeholders for all Boeing commercial aircraft such as B737, B747, B767, B777, B787, and all Airbus airplanes, including A320, A321 and A220 aircraft families
- Manufacturer of mechanical assembly parts, such as Boeing Krueger Flap and Uplock mechanisms
- Boeing Performance Excellence Award for the years 2012, 2015, and 2016
- 2015 Northrop Grumman Platinum Supplier Award
- The main subcontractor of the Boeing Premier Bidder category level since 2021

ABOUT KALE GROUP

Kalenakliyat **provides storage services for various product groups** across 200,000 m² of open and closed warehouse space.

Kale Pratt & Whitney is honored with the **RTX Platinum Supplier award.**

Kale Jet Engines **serves as a center of excellence** for Gas Turbine Systems.

Kale Pratt & Whitney

- 51% Kale, 49% Pratt & Whitney partnership
- Production of parts for Pratt & Whitney's GTF model, a new-generation commercial aircraft engine
- Having known production technologies in Türkiye and Europe
- One of the 5 companies identified by Pratt & Whitney as a digital factory
- Winner of the RTX Platinum Supplier Award
- Winner of the Great Place to Work award

Kale Jet Engines

- Mass production and deliveries of Türkiye's first qualified turbojet engine, KTJ-3200, which was developed uniquely
- Flight and development tests for the new Turbojet Engines KTJ-1750 and KTJ-3700 developed with the knowledge and experience gained by the company
- Center of Excellence for Gas Turbine Systems
- Türkiye's first and only Altitude Test System for gas turbine engines and other special engine testing infrastructures
- A staff of around 250, more than half of whom are engineers, supported by an extensive consulting network

Service

Kalenakliyat

- A 500-car contracted road fleet and a fleet of 65 self-owned freight cars and two self-owned dry cargo ships
- Two million tons of annual transportation performance using road, rail, and sea, as well as integrated transport modes
- Storage service for various product groups in outdoor and indoor areas of 200 m²
- A complete, partial, and micro-distribution service with a wide distribution network using all modes of transportation throughout Türkiye
- Quality Management System Certificate since 2009
- Environmental Management System and Occupational Health and Safety Management System Certificates since 2017

Bodur Real Estate Development

- Effective management of the real estate portfolio of Kale Group companies
- Support to Group companies in terms of management, consultancy, control, and project development
- The first residential project carried out in Kartal, Istanbul; Daire Kartal



ABOUT KALESERAMİK

Since its founding, Kaleseramik has led the industry with sustainable production technologies and an **innovative approach, pioneering numerous firsts.**

DATE OF ESTABLISHMENT

1957

Kaleseramik, a pioneering force in the establishment and development of Türkiye's ceramics industry, was founded in 1956 by the late Dr. (h.c.) İbrahim Bodur, Founder and Honorary Chairman of Kale Group. In 1957, the foundation of Çanakkale Seramik Factories marked the beginning of ceramic tile production in Türkiye. In 2000, Çanakkale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş. were merged under a single entity, adopting the name "Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş."

Since its inception, Kaleseramik has consistently introduced industry-firsts through its commitment to sustainable production technologies and an innovative approach. Today, the Company encompasses a portfolio of strong, well-established brands. Çanakkale Seramik offers high-quality products that bring a distinctive style to interiors, catering to those seeking unique design. Kalebodur channels its deep-rooted brand heritage into a wide product range, offering forward-thinking solutions that influence both the industry and architectural culture. Kalesinterflex expands the boundaries of conventional ceramic applications with its large-format,

design-forward surfaces. Kale Banyo delivers a modern perspective on bathroom design through its environmentally and human-friendly products. T-One, with its innovative approach to kitchen surfaces, redefines everyday living by transforming kitchens into distinctive experiences.

Kaleseramik conducts its manufacturing operations across four locations: Çan and Semedeli in Çanakkale, Yerköy in Yozgat, and Bandırma in Balıkesir. According to the 2023 Ceramic World Review (CWR) report, the Company is the largest ceramic coating material manufacturer in Türkiye, the fourth-largest in Europe, and ranks twenty-first globally, with an annual production capacity of 56 million square meters. With more than 4,500 product variations, Kaleseramik leads the industry in ceramic coating materials, sanitary ware, faucets, and bathroom furniture, launching approximately 200 new products each year. Its extensive product portfolio reaches consumers not only across Türkiye but in more than 80 countries worldwide.



In line with its domestic and international growth ambitions, Kaleseramik took a major step forward on July 27, 2023, by offering 21.25% of its shares to the public and commencing trading on Borsa Istanbul. In 2024, the Company ranked 211th on the Istanbul Chamber of Industry's (ISO) list of Türkiye's Top 500 Industrial Enterprises and placed 223rd on the Fortune 500 Türkiye list, prepared in collaboration with CRIF Türkiye. Its presence in these rankings—based on core financial indicators—reinforces Kaleseramik's stature among Türkiye's most prominent industrial players.

Kaleseramik is fortifying its leadership in the ceramics industry by steadily refining its production processes with a long-term vision for a more sustainable world. Since the launch of its Digital Transformation Program in 2019, the Company has adopted a more agile structure, sharpened its competitive edge through data-driven governance, and boosted operational productivity. In 2024 alone, it advanced this transformation by rolling out 13 new projects.

The Company's innovation roadmap is shaped by its strategic objectives and core value proposition, with a focus on delivering high-impact and innovative solutions that benefit both internal and external stakeholders. Framed around the dual themes of Development and Transformation, the innovation strategy fosters a culture of creative thinking, promotes stakeholder interaction and open innovation, elevates existing products and services, and drives the creation of new offerings and business models. It also sets the stage for a sweeping transformation guided by environmental, social, and governance (ESG) principles—from manufacturing and end products to services and organizational structures.

Kaleseramik has made sustainability a strategic priority and is intensifying its efforts to develop a decarbonization roadmap, aiming to create lasting value in environmental, social, and governance (ESG) areas. The Company is aligning all aspects of its operations—from production methods to business models—with this vision, advancing long-term change through focused efforts in clean energy adoption, resource optimization, and circular economy practices.

OUR VISION AND VALUES

The pioneer of Türkiye's ceramics industry

Our mission guides our activities:
"To inspire and empower the creation of joyful living spaces."

OUR VISION

We carry out our activities in the light of our North Star vision of

"Adding new meanings to living areas"

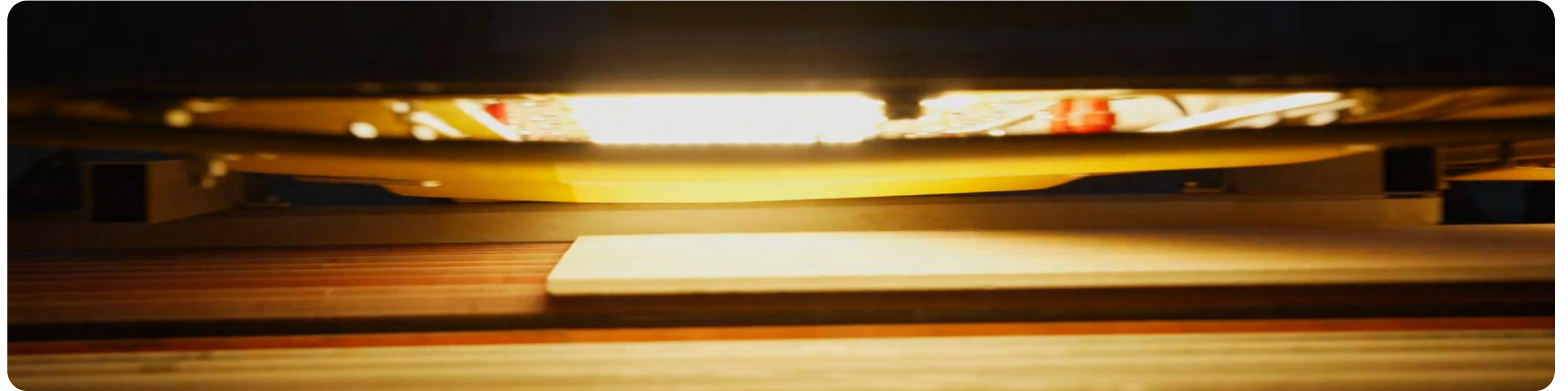
and our cause of "Inspiring and encouraging to create living areas that bring happiness."

VALUES

- We Create Trust
- We Act Decisively and Determined
- We Take Responsibility
- We Cooperate
- We Lead the Way
- We Pave the Way for Entrepreneurship

OUR STRATEGY

Customers' preferred **brand**



The key strategic priorities formulated by Kaleseramik in its strategic business plan, taking into account the needs and expectations of all internal and external stakeholders, consist of the following fundamental principles:

- Being the first brand that customers prefer, trust, and recommend
- Increasing profitability through excellence
- Delivering value to employees and talent management
- Increased market share in global markets
- To develop new business areas and grow

The Company develops and implements projects tailored to its main priorities to bring its core strategies to life, underpinning these strategic priorities with Digital Transformation, Innovation, and Sustainability activities at every step.

Kaleseramik successfully continues its operations with its strengths

The flagship of Kale Group, Kaleseramik, has an extensive distribution network in Türkiye with 123 main dealers, 349 secondary dealers, and 6 Kaleseramik stores.

Kaleseramik's strengths:

- Prevalence: Channel strength
- Well-established Company & Prestigious Brands
- Brand recognition worldwide: 54% Kale branded exports
- Becoming a manufacturer: Productivity & know-how & service companies
- Service network
- Store structure
- Kale Core, the industry's first digital experience platform
- Becoming one of the two brands offering a holistic bathroom portfolio
- Slab production
- Having the vision to work in different sectors and areas of use, operating in lines of business such as kitchen countertops, etc.
- R&D and other project studies aimed to reduce energy consumption in the process
- Prioritizing sustainability in Kale's business approach

SHAREHOLDING STRUCTURE

The shareholding structure of Kaleseramik, which has a capital of TL 514,778,660.51*, is as follows:

Full Name/Trade Name of Shareholder	Share in Capital (TL)	Share in Capital (%)	Voting Right Ratio (%)
H. İbrahim Bodur Holding A.Ş.	315,205,880.62	61.23	61.23
Victory International AG	74,000,000.00	14.38	14.38
Other	125,572,779.89	24.39	24.39
Total	514,778,660.51	100.00	100.00

* Within the framework of the Prospectus approved by the Capital Markets Board's decision dated 13.07.2023 and numbered 38/789, the Company's issued capital of TL 405,388,195.51 within the registered capital ceiling of TL 1,000,000,000 has been increased to TL 514,778,660.51 by fully restricting the pre-emptive rights of existing shareholders. Consequently, the shares representing the increased nominal capital of TL 109,390,465.00 were sold on the Borsa Istanbul Primary Market on July 20-21, and the Company's issued capital has been raised to TL 514,778,660.51.

OPERATION MAP

Widespread service network across Türkiye

KALESERAMİK IN TÜRKİYE

Regional Directorates, Dealers, Secondary Dealers, Kale Stores, DIY Stores

Factories

Çan

- Floor Tile Factory - 1
- Floor Tile Factory - 2
- Floor Tile Factory - 3
- Floor Tile Factory - 4
- Wall Tile Factory - 1
- Wall Tile Factory - 2
- Slab-Sinterflex Factory - 1
- Slab-Sinterflex Factory - 2
- Trim Factory
- Decor Factory
- Humidity Controlled Tile Factory
- Art Ceramics Factory
- Frit Factory
- Sodium Silicate Factory
- Floor Tile Body Preparation Factory
- Wall Tile Body Preparation Factory
- Granite Body Preparation Factory
- Floor Tile Glaze Factory
- Wall Tile Glaze Factory
- Cutting Factory
- Ceramic Coating Material Mold Factory
- Digital Paint Production Factory

Semedeli

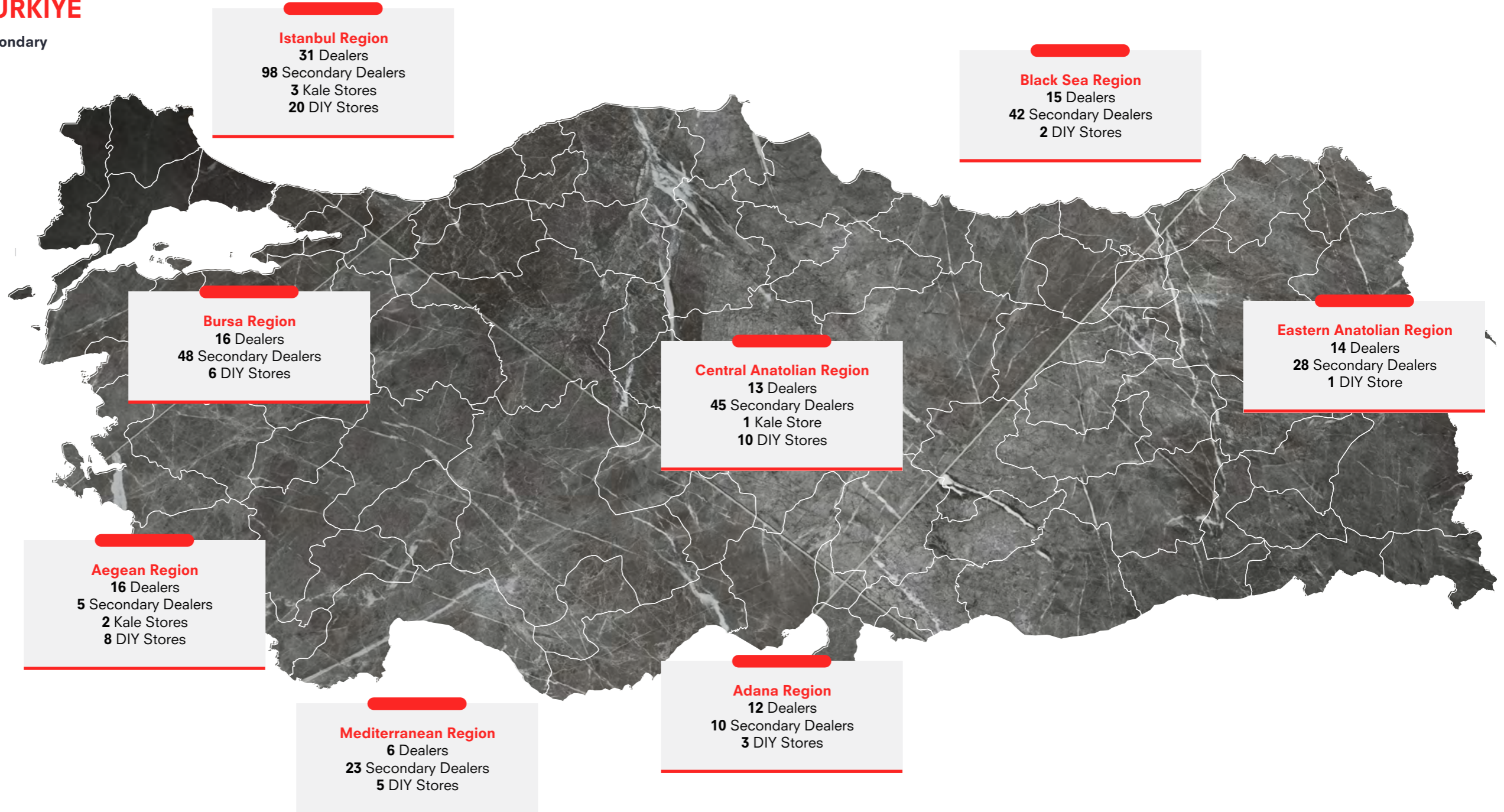
- Sanitary Ware Factory
- Acrylic Factory
- Toilet Seat Cover and Sanitary Ware Mold Factory

Bandırma

- Furniture Factory

Yozgat

- Yerköy Floor/Wall Tile Factory



KALESERAMİK IN THE WORLD

—
EXPORTS TO
MORE THAN
80 Countries



MILESTONES

The Iraq plant started production

1956

- Çanakkale Seramik Fabrikaları Ltd. Şti. was established.

1957

- The foundations of the factory that will manufacture ceramic tiles were laid.

1958

- Established in 1956 as a limited liability company, the Company was transformed into a joint stock company and renamed Çanakkale Seramik Fabrikaları A.Ş.

1962

- The Company realized its first ceramic tile export.

1972

- A floor tile manufacturer, Kalebodur Seramik Sanayi A.Ş., was established.

1987

- Kalefrit Silikat Mamülleri Sır ve Boya Sanayi Ticaret A.Ş. was established.

1992

- Granite ceramic production started.

1993

- Semedeli sanitary ware factory started production.

1994

- ISO 9001 Quality Management System Certificate was obtained.

1999

- RocaKale partnership has started between Kalevit Saniter Seramik Sanayi A.Ş. and Campania Roca Radiadores SA.

2000

- Çanakkale Seramik Fabrikaları A.Ş., a wall tile company, and Kalebodur Seramik Sanayi A.Ş., a floor tile company, were merged under a single entity, Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş.

2004

- ISO 14001 Environmental Management System Certificate was obtained.

2005

- Investments were made in Kalesinterflex technology, which enables the production of the first and only large-sized porcelain slabs in Türkiye, and Slab-Sinterflex production was started.

2007

- Yerköy factory was established and started production.
- Bandırma furniture factory started production.
- OHSAS 18001 Occupational Health and Safety Management System Certificate was obtained.

2011

- ISO 50001 Energy Management System Certificate was obtained.
- For the first time an Italian ceramic tile company was acquired by a Turkish company and Kale Italia was founded.

2012

- With the partial demerger of Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş., Bodur Proje Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. and Bodur Menkul İş Geliştirme Sanayi ve Ticaret A.Ş. were established.

2013

- Kalevit Saniter Seramik Sanayi A.Ş. merged with Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. and with the merger, the production of sanitary ware, acrylic bathtubs, shower trays, shower systems, built-in reservoirs, bathroom and kitchen furniture was added to the Company's field of activity.
- The Kaleseramik facility was named "Türkiye's Most Efficient Industrial Facility" by the Ministry of Energy and Natural Resources.

2014

- ISO 10002 Customer Satisfaction Management System Certificate was obtained.

2015

- The foundations of the Slab-Sinterflex 2 factory were laid.

2016

- Greenguard Gold Certification was obtained for all ceramic coating materials.
- The second production line added to the Slab-Sinterflex 1 plant has been commissioned.

2017

- ISO 27001 Information Security Management System Certificate was obtained.

2021

- First place in the R&D category at the Ministry of Industry and Technology Productivity Project Awards.
- The transition to ISO 45001 Occupational Health and Safety Management System was completed.
- Türkiye's first and largest porcelain slab investment was made with a size of 160x320 cm and thicknesses of 6, 10, 12 & 20 mm.

2022

- A new production line investment was initiated in Slab-Sinterflex 2 Factory.

2023

- Kaleseramik was offered to the public and started to be traded on Borsa Istanbul Stars Market.
- A new slab-sinterflex production line was commissioned at the Slab-Sinterflex 2 Plant.
- Kaleseramik became a partner with Al-Sadaf company in Iraq.
- The first sustainability report was published.

2024

- An investment agreement worth 15 million euro was signed for the production of Kalesinterflex large-sized porcelain slabs.
- An agreement was signed with the Italian company SITI B&T Group S.p.A. for the "Supera Production Line" planned to be established in Granite production facilities and the foundation was laid on July 27.
- The production was started at the factory established in partnership with Al-Sadaf in Iraq.
- Production of 2 mm super thin porcelain slabs was started under the Kalesinterflex brand.
- The company ranked 211th on the ISO Türkiye's Top 500 Industrial Enterprises list and 223rd on the Fortune 500 list.
- Kaleseramik was awarded the "Best Companies Special Jury Award" by ACIMAC and IEG.
- International NSF certification was obtained in 59 products with Kalesinterflex.
- Kaleseramik R&D Center became the first and only Turkish laboratory to join ECerS.

KEY FINANCIAL AND OPERATIONAL INDICATORS

In 2024, Kaleseramik realized **ceramic production of 27.7 million m²**



* Including activation.



* Pre-activation.

AWARDS AND ACHIEVEMENTS

A year crowned with awards

Special Jury Award at TecnAwards 2024

Kaleseramik was honored with the "Partner Country Türkiye- Best Companies" Special Jury Award at TecnAwards 2024, held in Rimini and organized by ACIMAC and IEG in collaboration with Ceramic World Review magazine.

A global force in R&D

Established in 1975 as Türkiye's first R&D center in the construction industry, the Kaleseramik R&D Center has become the first and only Turkish laboratory to join the European Ceramic Society (ECerS). This membership enables the R&D laboratory to support emerging researchers within the ECerS network, while also positioning it as a partner of choice for units seeking laboratory services under European Union grant programs and for collaborative projects with leading ceramic research groups across Europe.

Strong standing in the ISO 500 and Fortune 500 rankings

Kaleseramik secured a top position in 2023 on both the Istanbul Chamber of Industry (ISO) 500 and Fortune 500 lists, which feature Türkiye's most valuable industrial companies. It ranked 211th on the Istanbul Chamber of Industry's (ISO) "Türkiye's Top 500 Industrial Enterprises" list and 223rd on the Fortune 500 list prepared in partnership with Fortune Türkiye and CRIF Türkiye. Maintaining its rank on these prestigious lists for the past two years, Kaleseramik has solidified its place among Türkiye's leading industrial enterprises.



Water Management Brand of the Year Award

At the Climate and Sustainability Summit organized by Marketing Türkiye's Climate and Sustainability Awards, Kaleseramik earned the Bronze Award in the "Water Management Brand of the Year" category.

Contribution to Sustainable Architectural Communication Award

At the 29th Annual Golden Trowel Award Ceremony, the project "Architects Talk with Kalebodur," moderated by Prof. Dr. Celal Abdi Güzer, was recognized with the "Contribution to Sustainable Architectural Communication" award.

Recognition for Effective Communication Efforts

In 2024, Kaleseramik received two major honors at the Brandverse Awards—Türkiye's most comprehensive advertising and marketing communication awards, organized in collaboration with Marketing Türkiye and Boom-Sonar. The Çanakkale Seramik and Kale Banyo brands won Gold and Silver awards, respectively, in the "SocialBrands Data Analytics Awards – Building Materials" category.

Significant achievement at the iF Design Awards

Kaleseramik's fusion of innovation and sustainability in design earned the Company another distinguished accolade in 2024. The Earth Collection by Kalesinterflex, inspired by nature, was granted the prestigious iF Design Award 2024.

CERTIFICATES AND DOCUMENTS

Success recognized with certificates

Product Certificates

Product	Standard No
Ceramic Coating Materials	TSE Double Star Certification Criteria-UB-YLD-YMS-BK-006 CSTB 377 8-France Product Conformity Standard ISO 13006 / EN 14411
	Ceramic tiles-Definitions, classification, characteristics, assessment and verification of performance continuity and marking Israel Standard No. 314 GB 6566 (Chinese Standard)
Sinterflex	TS EN 14411 Ceramic tiles-Descriptions, classification, characteristics, assessment and verification of performance continuity and marking
Furniture	TS EN 14749 Furniture-Household and kitchen cabinets and countertops- Safety requirements and test methods
	TS EN 14055 + A1 WC and urinal reservoirs TS EN 997 Toilet bowls in one piece and set - with Flush TS EN 14688 Sanitary ware-Sinks-Functional requirements and test methods TS EN 13407 Wall-hung urinals - Functional requirements and test methods
Sanitary Ware	TS EN 14528 +A1 Bidets - Functional requirements and test methods TS 13420 Windows - Behavior between different climates - Test method TS 799 Squatting wc-bowls
	TS EN 249 Plumbing - Shower trays made of cross-linked cast acrylic sheets - Features and test methods TS EN 198 Plumbing - Bathtubs made of cast acrylic sheets with interconnection - Features and test methods Closet-Sink-Shower Tray (NF 017)
Armature	TS EN 817 Sanitary tapware - Faucets with mechanical mixer (PN 10) - general technical specifications Waterlabel certificate

System Certificates

Certificate Name	Standard No
Quality Management System	ISO 9001
Environmental Management System	ISO 14001
Occupational Health and Safety	ISO 45001
Energy Management System	ISO 50001
Customer Satisfaction Management System	ISO 10002
Information Security Management System	ISO 27001
Covid-19 Safe Production Certificate	
Authorized Economic Operator Certification	

INVESTOR RELATIONS AND STOCK PERFORMANCE

Investor Relations Department

By the decision of the Board of Directors of the Company dated 19.03.2021 and numbered 21, within the framework of the provisions of Article 11 of the Corporate Governance Communiqué as well as the resolutions of the CMB;

- Properly, securely, and timely keeping records of correspondence between the investors and our Company as well as other information and documents,
- Responding to the written information requests of the shareholders concerning our Company,

- Preparing documents that are needed to be presented to the shareholders' information and reviewing regarding the General Assembly Meeting and taking the measures required to ensure that the General Assembly Meeting is held in accordance with the relevant legislation, the articles of association, and other in-house regulations,
- Overseeing and monitoring the fulfillment of the obligations arising from the Capital Market legislation including corporate governance and public disclosure of all relevant issues,
- Preparing and submitting a report to the Board of Directors at least once a year

The Investor Relations Department was established under the Company's Financial Affairs Department to ensure communication between the Company and investors by performing its duties, and Corporate Finance Director Veli Ömercik was appointed to serve as the Investor Relations Unit Officer and as a member of the Corporate Governance Committee in accordance with the Board of Directors' resolution dated January 25, 2024, within the framework of capital markets legislation.

Information about Investor Relations Unit personnel is provided below:

Name Surname	Position	License Certificate Type	License Certificate No
Veli Ömercik	Investor Relations Unit Supervisor	Capital Market Activities Level 3 License / Corporate Governance Rating-License	207678/927354
Orkun İnanbil	Investor Relations Manager	-	-

Investor Relations Unit Contact Information:

Address : Levent Mahallesi Prof. Ahmet Kemal Aru Sokak No: 4 İç Kapı No: 1 Beşiktaş/Istanbul
 Phone : +90 212 3715253
 Fax : +90 286 4168833
 E-mail address : yatirimci@kaleseramik.com.tr

The report prepared on the activities of the Investor Relations Department carried out in 2024 was submitted to the Board of Directors with the approval of the Corporate Governance Committee on 14.02.2025.

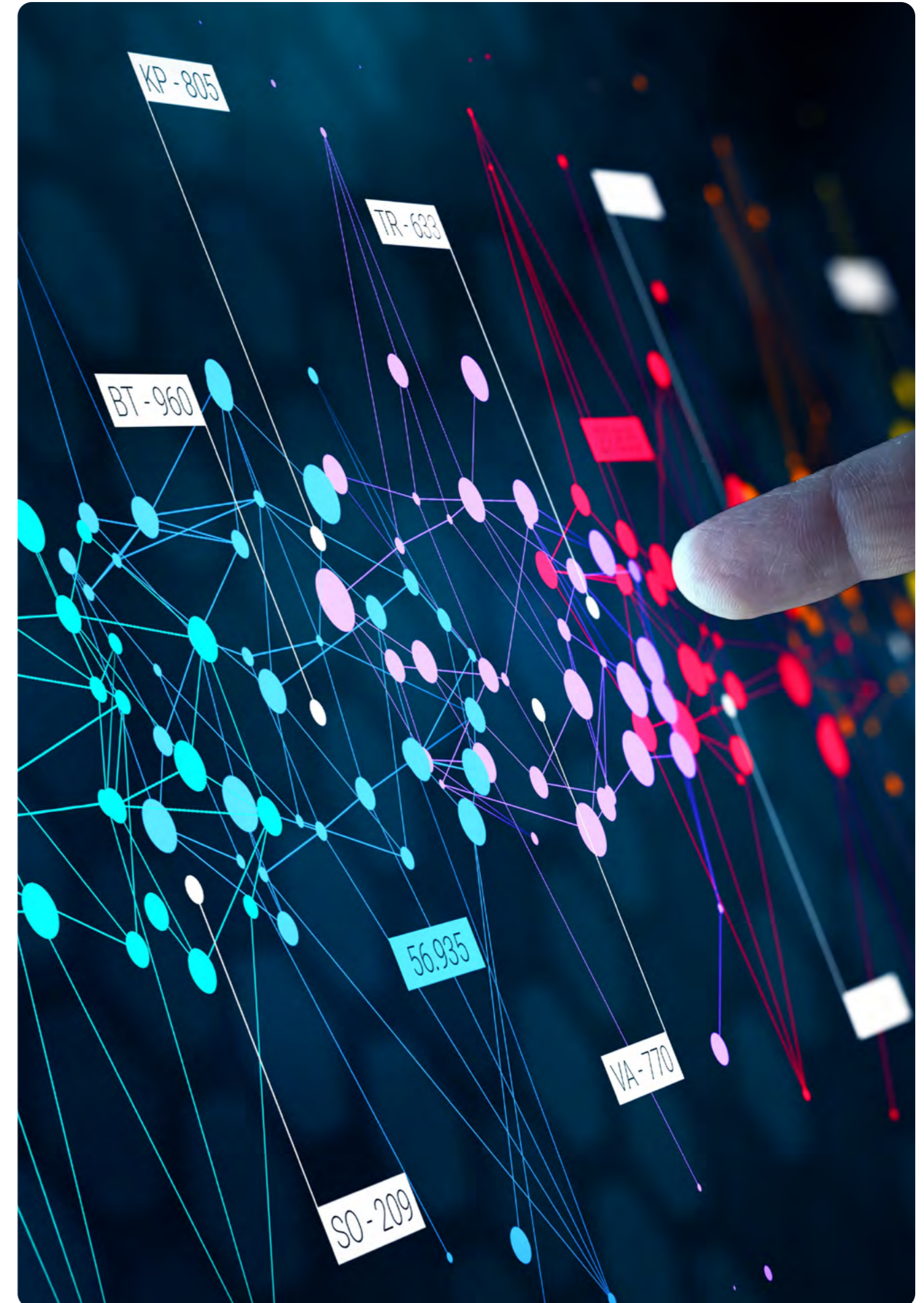
Kaleseramik provides regularly up-to-date information to its stakeholders through email, telephone, teleconferences, physical meetings, corporate investor presentations, financial results presentations, interim activity reports, and its website.

Pursuant to the decision of the Capital Markets Board dated 25/01/2024 and numbered 6/121, the Company was defined as a Group 1 company in accordance with the Corporate Governance Communiqué, the Company's investor relations website has been prepared in English and PDP disclosures have started to be published in English in accordance with the relevant legislation.

Kaleseramik Stock Performance*

	2023	2024
Lowest price (TL)*	27.39	32.10
Highest price (TL)*	126.87	82.41
Year-end price (TL)*	64.08	35.32
Year-end price (TL) - Unadjusted	64.35	35.32
Issued Capital (TL Thousand)	514,778.66	514,778.66
Market Value (TL Thousand) - Year-end	33,126,007	18,181,982
Market Value (USD Thousand) - Year-end	1,126,838	516,192

* Adjusted retrospectively due to the distributed dividend.



MESSAGE FROM THE CHAIRPERSON

Fueling our global brand journey with bold investments

“
With a production capacity of 56 million square meters, we proudly lead the sector in Türkiye.

Zeynep Bodur Okyay
Kale Group Chair and CEO

—
TL **9.9**
billion
NET SALES



Esteemed Stakeholders,

The Turkish ceramic industry is forging ahead on the global stage—powered by continuous technological investments, expanding product diversity, and widening export markets. Today, Türkiye proudly ranks third in Europe and tenth worldwide in ceramic coating materials production. The ceramic industry is also one of the top sectors in terms of maximizing domestic resources, minimizing import reliance, and delivering solid contributions to the national economy. I am confident that Turkish ceramics will secure a firm footing in the reshaped global market and supply chains. As the sector's front-runner, we lead this change with forward-thinking investments and trailblazing designs and products.

Our global journey is ongoing

For us, 2024 was a year of learning and growth amid challenges. Inspired by the enduring values of our late founder İbrahim Bodur, we focused not just on business growth, but on adding value to our nation and community. Fortified by new investments, we introduced pioneering innovations that set industry benchmarks and celebrated our achievements with prestigious accolades.

The Ceramic World Review 2023 report highlights that, despite challenges in both the global and national markets, we are the leading ceramic coating material producer in Türkiye, ranking as the fourth largest in Europe and 21st worldwide, with a production capacity of 56 million square meters. As a strong brand extending from Türkiye to more than 80 countries, we are committed to expanding our global presence and shaping the industry through our innovations.

We celebrated our new age with fresh investments

This year, as we marked our 67th anniversary and established the tradition of the Ceramics Festival, we reaffirmed our commitment to growth through fresh investments. We invested a total of USD 230 million over the past five years, focusing on large-format porcelain slab production to strengthen our global competitiveness. We are confident that these strategic investments, primarily in the production of large-format porcelain slabs, will drive our global competitive edge forward. By crafting innovative and unique products tailored to customer needs, we reinforce our global presence each day.

Sustainable production is our primary goal...

Sustainable production has transitioned from an option to an essential responsibility across all sectors. In line with our Group-wide “Care for Your World” strategy, we prioritize impact-driven, circular projects and investments to help shape a more sustainable future. Our objective is to create value for a better world through all our operations and investments, placing sustainability principles at the core from the design stage onwards.

The commissioning of our third Sinterflex line in 2023 marks a significant advancement toward our objectives of zero waste, low energy consumption, and full digitalization. This investment is slated to curb carbon emissions per unit product by 42% compared to conventional production methods. Additionally, our 2 mm super-thin slab product exemplifies our sustainability approach, offering substantial energy savings and a reduced environmental impact while utilizing 33% less raw material.

We also contribute to social development

As a company rooted in this community, we focus our social investments on creating positive impacts and shared benefits. One of our top priorities is to ensure that women's labor is recognized and valued in society. The success of Atölye Kale, realized in line with this vision, brings us great pride. Similarly, the women of Nevruz Village—who founded their own cooperative six years ago, with our encouragement—showcase some of the finest expressions of women's craftsmanship and labor.

We will concentrate on high value-added business areas

Kaleseramik is committed to focusing on high value-added sectors that both develop and strengthen our core business through innovative, environmentally friendly products and socially beneficial projects that impact the community.

I extend my sincere gratitude to all my colleagues and managers who contributed to our work and projects throughout 2024, to our investors whose trust and commitment continue to strengthen Kaleseramik, to our dedicated stakeholders for their unwavering support, and to every customer who places their confidence in us.

Best regards,

Zeynep Bodur Okyay
Chairperson of the Board of Directors
Kale Group Chair and CEO

BOARD OF DIRECTORS



Zeynep Bodur Okyay
Chairperson of the Board of Directors
Kale Group President and CEO

Born in 1964 in Istanbul, Zeynep Bodur Okyay graduated from the Italian High School in 1985 and earned a degree in management engineering from Istanbul Technical University in 1989. She attended Harvard University's graduate degree program in management between 1990 and 1992.

From 1992 to 1993, she worked in various roles in production units as a Trainee Manager at the Çanakkale Ceramic Factories in Çan, Çanakkale. In 1995, she was appointed as an Executive Board Member and President of Kale Group's Marketing Companies. Since July 2007, she has been serving as Kale Group's President and CEO.

Zeynep Bodur Okyay actively contributes to many civil society and international organizations by taking part in their management positions. She served as the President of the Assembly of the Istanbul Chamber of Industry for two consecutive terms between 2013 and 2022 and currently serves as the Chairperson of the Board of Directors of the Global Relations Forum Association, the Board Member and the Executive Committee Member of the Foreign Economic Relations Board (DEİK), the Chairperson of the DEİK Türkiye-Morocco Business Council, and the member of the Turkish Industry and Business Association (TÜSİAD), Etki Yap Advisory Board, and Carnegie Europe Advisory Board. Zeynep Bodur Okyay, who has been actively supporting the G20 process since Türkiye's Presidency in 2015, will continue to serve as the Co-Chair of the B20 "Women, Diversity and Inclusion in Business Action Council" during Brazil's Presidency throughout 2024.

In 2006, Zeynep Bodur Okyay was awarded the title "Cavaliere del Lavoro" for her contributions and services to Turkish-Italian relations. In 2014, she was awarded the official order of merit "Ufficiale Ordine al Merito della Repubblica Italiana." In 2010, Okyay received the Franco Nobili Award given within the scope of "Türkiye in Europe" for her contributions to relations between Türkiye and the European Union states. In the same year, Zeynep Bodur Okyay was granted the Outstanding Service Award by the Turkish Grand National Assembly.

Zeynep Bodur Okyay, who also supported the establishment of a Turkish Chair at Harvard University through her efforts at the Harvard Alumni Association, of which she is one of the founders, leads many pioneering programs within Kale Group to contribute to Türkiye's education, design, art, local development, and social entrepreneurship ecosystem as the Chairperson of the Board of Trustees and the Chairperson of the Board of Directors of Dr. (h.c.) İbrahim Bodur Kaleseramik Education, Health and Social Aid Foundation.

Zeynep Bodur Okyay speaks fluent Italian and English. She is married to Osman Okyay, Vice Chairperson of the Kale Group, and has one child.



Cengiz Solakoğlu
Vice Chairperson - Independent Board Member

Born in 1943 in Erzurum, Cengiz Solakoğlu graduated from Istanbul Academy of Economic and Commercial Sciences in 1964. In 1967, he started his career as a salesperson at Beko Ticaret. Due to the age limit of 60, he retired in 2004 from Koç Holding's Durable Consumption Group, where he had worked for 38 years.

Solakoğlu served as a member of the Assembly of the Istanbul Chamber of Commerce for three terms (a total of 20 years) and as a member of the Board for two terms at the Istanbul Chamber of Industry.

As one of the founders of the Education Volunteers Foundation of Türkiye (TEGV), Cengiz Solakoğlu served as the Chairman of the Board for a total of 10 years at the foundation, where he has served on the Board of Directors continuously since its establishment. Solakoğlu received the Civil Society Leader of the Year award from the Economist Magazine in 2004.

Following his retirement, Cengiz Solakoğlu founded CS Consulting and currently serves as the Chairman of the Board of ŞOK Marketler A.Ş., Bizim Toptan A.Ş., Seç Marketler A.Ş. and Kalekim Lyksor, Vice Chairman of the Board of Kaleseramik and Zülfi Karlar Holding and Board Member of Lila Kağıt A.Ş.



Kadri Tarık Özçelik
Vice Chairperson

Born in 1962, Tarık Özçelik graduated from the Industrial Engineering Department of Boğaziçi University. Özçelik studied for a graduate degree in the same department and worked as a research associate in the Department of Computer Engineering at Boğaziçi University. After starting to work at the IT Department of Çanakkale Ceramic Factories as a programmer in 1988, Özçelik took a position in the Production Planning Department. Özçelik was the General Manager of Kale Marketing between 1995 and 2001, the President of the Marketing Group until 2004, and the President of the Ceramics Group between 2004 and 2013. Between 2013 and March 1, 2024, Mr. Özçelik served as Vice President of Production Systems and Operational Development.



Haluk Alperat
Member of the Board of Directors
Vice Chairperson of Kale Group/Finance

Born in 1965 in Istanbul, Haluk Alperat graduated from Boğaziçi University, Department of Mechanical Engineering in 1988 and completed his MBA at Bilkent University in 1990. Having started his professional career at Interbank, Mr. Alperat worked in Interbank's Capital Markets Department between 1990 and 1993. Between 1993 and 1996, he held several positions in the Corporate Finance Department at Finansbank, lastly as Group Manager. Between 1996 and 1999, he served as Assistant Director in the Corporate Finance Department and International Business Development Department of Global Securities and also served as a Board Member in foreign subsidiaries. Between 2000 and 2002, Mr. Alperat served as Assistant General Manager of Corporate Finance at Raymond James Türkiye.

Between 2003 and 2007, Haluk Alperat was the General Manager and Board Member at Ekspres Yatırım, a subsidiary of Denizbank, and served as the founding CEO since the company was acquired from the SDIF in an inactive state. During his tenure, Denizbank Investment Group (Ekspres Yatırım and Deniz Yatırım) was the leader in Türkiye in terms of trading volume for four consecutive years (2003, 2004, 2005, and 2006). Having taken part in many IPOs and M&A projects in Corporate Finance, Alperat undertook important roles in Denizbank's own IPO as well as various public offerings and Türk Telekom privatization during his tenure at Denizbank. He took part in the sale of Ekspres Yatırım as a subsidiary of Denizbank to Dexia Bank (together with the bank) with a high increase in value.

Haluk Alperat joined Kale Group in 2007 and serves as CFO - Vice President in charge of Finance. Alperat is also a Board Member at Group companies and a Member of the Executive Committee at the Holding.



Adile Esra Tözge
Member of the Board of Directors

Born in 1966 in Izmir, Esra Yazıcı Tözge graduated from Izmir American High School for Girls in 1984 and earned her degree in economics in 1988 from the Department of Economics, Faculty of Administrative Sciences, Boğaziçi University, Istanbul in 1988. She completed her internship in the Finance Department of Lyac Power Company in Copenhagen, Denmark in August-December of the same year.

Between 1989 and 1997, Tözge worked in Henkel Turyağ, Izmir, in various roles in the planning and control, logistics control, and sales departments and, lastly, as the Chain Stores Sales Manager. Between 1997 and 2001, she worked as the Marketing Manager at Saint Gobain Weber Izmir. Between 2001 and 2002, Tözge served as a consultant in some projects for Henkel KGaA Düsseldorf and Barem Research International Istanbul.

After joining Kale Group in April 2002, she worked at Kalekim and Kaleterasit companies until 2007 and served as a consultant to Zeynep Bodur Okyay, President of Kale Group between 2007 and 2015. Between 2015 and 2022, Ms. Tözge served as the Vice Chairperson for Corporate Development at Kale Group.



Osman Okyay
Board Member - Vice Chairman of Kale Group

Born in 1966 in Istanbul, Osman Okyay completed his primary, secondary and high school education in Izmir and later graduated from Boğaziçi University, Department of Mechanical Engineering. Okyay has a Master's degree in Mechanical Engineering from the University of New Hampshire in the USA. Between 1990 and 1993, he worked at the Istanbul office of Digital Equipment Corporation, first as a Technical Service Engineer and then as a Technical Service Planning Manager.

Okyay joined Kale Group in 1994, and in the same year, he took courses at Koç University's Master of Business Administration Program offered for executives.

Starting to work at Kale Group in 1994 as the Assistant General Manager of Kalekalp A.Ş., Okyay became the General Manager of Kalekalp A.Ş. in 1997 and the Head of Kale Group Technical Department in 2000. Osman Okyay is currently serving as Vice Chairman of the Board and Head of the Technical Department at Kale Holding.

Since joining Kale Group, Okyay has worked for the Group to focus on high-tech areas and has directed and managed the Group's investments in areas such as Robotics and Automation, Industrial Energy Equipment, Software and Simulation, High Technology Ceramics, Defense and Aerospace Industry.

Okyay enabled Kale Group to establish partnerships with the world's leading companies such as General Electric, Pratt & Whitney, and Rolls Royce. He also played a role in making the Group a direct sub-producer of leading companies in the Defense and Aviation industry such as Lockheed Martin, Boeing, Airbus, and Northrop Grumman.

Apart from his duties at Kale Group, Okyay is also active in several other organizations and NGOs.

Okyay, who was elected as the President of the Turkish Wing of the Turkish-U.S. Business Council between 2013-2015, established to support the creation of a model partnership between Türkiye and the USA in the economic field, currently holds various positions. These include Chairman of the Türkiye-United Kingdom Business Council of the Foreign Economic Relations Board, Executive Board Member of the Türkiye-U.S. and Türkiye-Canada Business Councils, Chairman of the Board of the Defense and Aerospace Industry Manufacturers Association (SASAD), Board Member of the International Investors Association (YASED), Chairman of the Assembly of the Çanakkale Chamber of Commerce and Industry, Chairman of the Board of the Aerospace Cluster Association, Member of the General Assembly of OYAK, Board Member of the Boğaziçi University Foundation, and Trustee Member of the Fatih Sultan Mehmet University Foundation.

BOARD OF DIRECTORS



Fahri Okan Böke

Board Member (Independent Member)
Born in Istanbul in 1965, Fahri Okan Böke received his bachelor's and master's degrees in Industrial Engineering from Texas A&M University.

Having started his career in banking at Citibank New York in 1991, Böke worked in almost every department of the Treasury Department at Interbank between 1993 and 1998, as Treasury Manager at Körfezbank between 1998 and 2001, and as Assistant General Manager at TAIB between 2001 and 2004. Between 2004 and 2006, he worked as a partner at OSC Financial Consulting, and between 2006 and 2008, he served as TSKB Treasury Manager.

After being transferred in 2009 to the GFC Securities-ODL Securities partnership as General Manager, Fahri Okan Böke served as a market commentator on BloombergHT TV for four years.

He is currently working at Ceres Financial Consulting (of which he is a founding partner) where he manages assets and provides consultancy services to major international banks.



Arzu Erdem

Board Member (Independent Member)
In 1983, Prof. Dr. Arzu Erdem graduated from Istanbul Technical University, Faculty of Architecture as an architect, she completed her "Master's Program" at the Institute of Social Sciences of the same university in 1985 and her "Doctorate Program" at the Institute of Natural and Applied Sciences in 1995. Arzu Erdem started her career at STFA Yapı Yatırımları A.Ş. as Projects Coordinator in 1986 and worked as a Visiting Researcher at the University of California, Los Angeles Graduate School of Architecture and Urban Planning in 1991-1992.

Arzu Erdem worked as a Research Assistant, Assistant Professor, Associate Professor and Professor at Istanbul Technical University, Faculty of Architecture between 1988-2017, and served as the Head of the Department of Architecture at the same university between 2012-2013. Between 2015-2017, she served as the Founding Dean of Abdullah Gül University Faculty of Architecture. In 2017, she retired from Istanbul Technical University Faculty of Architecture. After her retirement, she served as the Dean of the Faculty of Art and Design and Vice Rector for Education at Kadir Has University between 2017 and 2023. Currently, she is the Dean of the Faculty of Fine Arts, Design and Architecture at Istinye University and a faculty member at the Department of Architecture. Arzu Erdem has national and international academic and professional researches, assignments, competition jury memberships, competition projects, professional architectural projects, applications, studies, numerous scientific articles, papers and presentations. Between 2013 and 2018, she was a member of the Scientific Committee of the International Venice Architecture Biennale in Türkiye. Arzu Erdem is a member of the Board of Trustees of ITU Development Foundation and serves on the board of directors of the Rubicon Foundation (Netherlands) and SEV Foundation, which has studies and research on natural life and biodiversity. Arzu Erdem served as a Board Member at İş GYO between 2018 and 2024 and supported the management activities as the Chairman of the Early Detection of Risk Committee and Audit Committee Member during this period.



Şerife Ebru Doğruoğlu Aygıl

Board Member (Independent Member)
Ebru Doğruoğlu graduated from Boğaziçi University, Department of Industrial Engineering in 1992 and received her Master of Business Administration (EMBA) degree from Koç University in 2001. She joined Pfizer in 1994 and has held roles in sales, marketing, strategic planning, business development, finance in the Türkiye organization, followed by increasing responsibilities in various global management positions.

Since 2009, she has held regional (Emerging Markets, China, Developed Markets) and global marketing responsibilities across a broad spectrum of therapeutic areas and product lifecycles, building and managing complex organizations, developing strategies and business models, introducing new products, leading business development and growth initiatives. In 2018, she moved to the vaccines group and took global responsibility for several products, including the covid vaccine. Since 2021, she has been the Vice President of Vaccine Marketing responsible for Emerging Markets and China. Before joining Pfizer, she started her career as a manufacturing engineer at Netaş in 1992. Ebru was elected as an Independent Member of the Board of Directors of Kordsa Teknik Tekstil A.Ş. on 23.03.2022 and continues to serve. In addition to her professional duties, she was a member of the Industrial Engineering Advisory Board of Boğaziçi University. She continues her mentorship in various platforms, especially supporting children's education and equal opportunities for women. Ebru is the mother of 2 boys.

BOARD COMMITTEES AND ASSESSMENT OF THE BOARD OF DIRECTORS

Structure and Composition of the Board of Directors

Name Surname	Position	Independence Status	Election Date	Term of Office	Duties in the Board of Directors and Committees	Duties Outside the Company
Zeynep BODUR OKYAY registered on behalf of H. Ibrahim Bodur Holding A.Ş.	Chairperson of the Board of Directors and Executive Board Member	Not Independent Member	10.06.2024	1 Year	Chairperson of the Board of Directors	Membership of the Board of Directors in group and non-group companies
Cengiz SOLAKOĞLU	Vice Chairperson	Independent Member	10.06.2024	1 Year	Vice Chairperson of the Board, Chairman of the Audit Committee, Member of the Early Detection of Risk Committee	Membership of the Board of Directors in group and non-group companies
Kadri Tarık ÖZÇELİK	Vice Chairperson	Not Independent Member	10.06.2024	1 Year	Vice Chairperson	Membership of the Board of Directors in Group Companies
Haluk ALPERAT	Member of the Board of Directors	Not Independent Member	10.06.2024	1 Year	Member of the Board of Directors	Membership of the Board of Directors in Group Companies
Adile Esra TÖZGE	Member of the Board of Directors	Not Independent Member	10.06.2024	1 Year	Member of the Board of Directors, Corporate Governance Committee Member, Member of the Early Detection of Risk Committee	Membership of the Board of Directors in Group Companies
Osman OKYAY	Member of the Board of Directors	Not Independent Member	10.06.2024	1 Year	Member of the Board of Directors	Membership of the Board of Directors in Group Companies
Fahri Okan BÖKE	Member of the Board of Directors	Independent Member	10.06.2024	1 Year	Member of the Board of Directors, Chairperson of the Early Detection of Risk Committee, Member of the Audit Committee	Membership of the Board of Directors in Non-Group Companies
Arzu ERDEM	Member of the Board of Directors	Independent Member	10.06.2024	1 Year	Member of the Board of Directors, Chairperson of the Corporate Governance Committee, Member of the Audit Committee	Membership of the Board of Directors in Non-Group Companies
Şerife Ebru Doğruoğlu AYGIL	Member of the Board of Directors	Independent Member	10.06.2024	1 Year	Member of the Board of Directors, Corporate Governance Committee Member, Member of the Early Detection of Risk Committee	Membership of the Board of Directors in Non-Group Companies

The duties of the Chairperson of the Board of Directors and the General Manager are performed by separate persons. According to the current Articles of Association, the Company's business is carried out by a Board of Directors consisting of at least eight (8) and at most nine (9) members to be elected by the General Assembly within the framework of the Turkish Commercial Code and the regulations of the Capital Markets Board, and at the Ordinary General Assembly meeting of the Company dated 10.06.2024, elections were held for a total of 9 members, 4 of whom are independent members, to serve for a period of 1 year.

Care is taken to ensure that the members of the Board of Directors allocate the necessary time for the Company's affairs, however, there is no restriction on them taking on other duties outside the Company. Such a restriction is not needed, in particular, due to the significant contribution of the work experience and industrial experience of independent members to the Board of Directors.

In accordance with the Articles of Association, the provisions of the relevant legislation shall apply to the formation, duties, and working principles of the committees that the Board of Directors is obliged to establish within the context of the capital market legislation, the Turkish Commercial Code, and the relevant legislation, as well as their relations with the Board of Directors.

Kaleseramik has an Audit Committee, a Corporate Governance Committee, and an Early Detection of Risk Committee. The Corporate Governance Committee also performs the duties of the Nomination Committee and the Remuneration Committee stipulated in the Communiqué.

The Committees are chaired by Independent Members of the Board of Directors. The working principles of the Committees were approved by the Board of Directors' resolution dated March 15, 2023 and numbered 1804.

Within the scope of Articles 395 and 396 of the Turkish Commercial Code, it has been discussed and accepted at the Ordinary General Assembly dated 10.06.2024 that the members of the Board of Directors may engage in businesses within the scope of the Company's field of activity personally or on behalf of others and may become partners in companies doing such works.

Operating Principles of the Board of Directors

The Board of Directors convenes when the Company's business requires it. Each member has a single voting right at the Board Meeting. In 2024, the Board of Directors held 6 physical meetings and the attendance rate was 100%. Independent members of the Board of Directors participated in all of the decisions taken, and no different or dissenting opinion was expressed.

The agenda of the meetings of the Board of Directors is determined by notifying the Company's Senior Management and the Members of the Board of Directors by the relevant departments of the issues that the relevant legislative legislation stipulates that they should be decided by the Board of Directors. In addition, the agenda of the meeting is also determined by notifying the Company's senior management of the necessity of deciding on an important issue by any Member of the Board of Directors. The issues that are requested to be discussed by the Company's Board of Directors are listed

and consolidated by the Strategic Planning Directorate and the agenda is formed. Company. The Company's Director of Strategic Planning has been entrusted with determining the agenda of the Company's Board of Directors meetings, preparing the decisions of the Board of Directors, informing the members of the Board of Directors, and ensuring communication.

The meetings of the Board of Directors are held at the Company's head office or at a convenient location in the city where the head office is located. Important Board of Directors Resolutions are announced to the public via the Public Disclosure Platform (PDP) and a link is provided from the Turkish website to the page of the Company on the PDP website.

The Company's Board of Directors exercises its duties and powers in accordance with the provisions of the Turkish Commercial Code, capital market legislation, and the provisions of the Articles of Association of the Company. The authority to represent the Company is detailed in the Internal Directive and the list of authorized signatures of the Board of Directors.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders, resolving and concluding disputes that may arise, and works closely with the Corporate Governance Committee and the Investor Relations Department for this purpose.

MESSAGE FROM THE GENERAL MANAGER

As the front-runner of Türkiye's ceramic industry, **we proudly continued to contribute to the national economy** throughout 2024



Our R&D center proudly stands as the first and only Turkish laboratory admitted to the European Ceramic Society (ECerS).

Timur Karaoğlu
Kaleseramik General Manager

1.6
TL
billion
TOTAL INVESTMENT



Esteemed Stakeholders,

As we close the chapter on 2024, a year marked by global economic volatility and geopolitical shifts, Kaleseramik has sustained its robust performance. As Türkiye's foremost ceramic manufacturer, we continued to bolster the national economy by strategically focusing on domestic resource utilization and minimizing reliance on imports.

Advancing production capacity through strategic investments

Throughout 2024, we made significant investments to sharpen both our production capabilities and technological infrastructure. Our strategic partnership with System Ceramics Spa, valued at EUR 15 million, has ushered in a new era in the ceramic sector. This investment enabled us to pioneer the introduction of 2 mm-thick super-thin porcelain slabs—an industry breakthrough in large-format porcelain slab production in Türkiye.

Implemented in collaboration with the Italian SITI B&T Group S.p.A. towards our goal of boosting our production capacity, our Supera Production Line project has galvanized our granite production. This cutting-edge line has enabled us to launch the production of 120x280 cm porcelain tiles, a trailblazer for Türkiye. In addition to reaffirming our industry leadership, this achievement also enriches the diversity of our product lines.

Our investments, geared towards our growth targets, extend well beyond these milestones. Our modernization efforts in ceramic sanitary ware and vitrified products boosted our production capacity by 30%. Planned upgrades to polishing systems at all our facilities, especially our Yozgat plant, will further elevate product quality. This comprehensive investment program is designed to strengthen Kaleseramik's competitive position both nationwide and globally.

Expanding our footprint in international markets

As part of our partnership with Al-Sadaf Porselen in the Iraqi market, we commenced production in Iraq on May 19, introducing a new dimension to our manufacturing activities. This investment not only improved our manufacturing capacity but also established a key regional hub, reinforcing our presence in the region. As we extended our overseas network with new stores and dealerships, we introduced our latest innovations to global markets at prominent trade fairs, including Cersaie (Italy), Coverings (USA), and Ideobain (France). We participated in Unicera, one of Türkiye's foremost commercial platforms in the ceramic industry, while yet again distinguishing ourselves with designs that respond to the sector's evolving needs and expectations.

These engagements served as vital platforms to highlight our innovation prowess and consolidate our competitiveness on the international scene.

Pioneering steps in innovation and R&D

Our R&D center's distinction as the first and only Turkish laboratory to join the European Ceramic Society (ECerS) attests to our technological progress. The international NSF certification awarded to Türkiye's first porcelain countertop, T-One, confirms that our quality standards meet global benchmarks. Through our Çanakkale Seramik brand, we expanded our product range by introducing a new 40x120 cm ceramic tile series to the market.

Sustainability and digital transformation

Sustainability remains at the heart of all our operations. We have implemented key projects focused on energy efficiency, water conservation, and reducing our carbon footprint. Our pioneering approach to technology and digitalization spans the modernization of production processes as well as our sales and marketing strategies, reflecting a comprehensive commitment across the entire value chain.

Achievements and awards

Our strong performance in 2024 secured our place in both the ISO 500 and Fortune 500 rankings, reinforcing our global standing. Being honored with the "Best Companies Special Jury Award" by ACIMAC and IEG serves as further recognition of our leadership within the international ceramic industry. Additionally, awards from prestigious platforms such as Brandverse Awards and the iF Design Award stand as concrete evidence of our success in design and innovation.

Goals and strategic plans for 2025

Looking ahead, we plan to maintain the momentum of our investments without pause. We will continue to expand production capacity while pursuing new markets and increasing our market share in existing ones. Our R&D and innovation initiatives, sustainability-driven projects, and digital transformation efforts form the cornerstone of our strategic agenda for 2025.

Behind this success are our dedicated employees, trusted business partners, and loyal customers. As we enter the second century of our Republic, guided by our founder Ibrahim Bodur's principle that "The truest patriot is the one who performs their duty best," we remain committed to adding value to our country and our industry. We extend our heartfelt thanks to all stakeholders for their trust and support.

Best regards,

Timur Karaoğlu
Kaleseramik General Manager

SENIOR MANAGEMENT

Name Surname	Position
Timur Karaoğlu	General Manager
Tuğrul Selvi	Kale Al-Sadaf General Manager
Süleyman Soysal	Assistant General Manager of Operations
Cemşit Baylan	Assistant General Manager of Financial Affairs
N. Onur Özdemir	Assistant General Manager Domestic Markets Sales

Timur Karaoğlu General Manager

Timur Karaoğlu graduated from Yıldız Technical University, Department of Civil Engineering in 1998 and completed his graduate study in Civil Engineering at Istanbul Technical University in 2000. Distinguished by his experience in management, business development, marketing, and sales strategies development and implementation, Timur Karaoğlu started his business life as Kalekim Product Manager at Kale Marketing, a Kale Group company, in 2001.

After graduating from the Istanbul Kültür University MBA program in 2007, Timur Karaoğlu worked for 4 years as an Assistant Sales Manager at Kale Marketing Company. He held the Distribution Channel Sales Manager position, which he assumed in February 2008 at Kaleseramik, until 2013. Until 2018, he served as Vice President of Retail Markets and Deputy General Manager of Domestic Sales and Marketing.

Appointed as Kalekim Sales & Marketing Assistant General Manager in February 2018, Karaoğlu has served as Kalekim General Manager since October 21, 2019. Timur Karaoğlu assumed the position of Kaleseramik General Manager as of March 2024.

Tuğrul Selvi
Kale Al-Sadaf General Manager
Born in 1974, Tuğrul Selvi received his bachelor's degree in Electrical Engineering from Yıldız Technical University. Mr. Selvi started his career at Kaleseramik in 1996 as Energy and Environment Manager and has served as Tile Plants Director since 2020. Tuğrul Selvi has been serving as Kaleseramik Tile Factories Director /Kale - Al-Sadaf

General Manager since October 2024, assuming the position of Kale Al-Sadaf General Manager in addition to his current position.

Süleyman Soysal Assistant General Manager of Operations

Born in 1970, Süleyman Soysal graduated from the Mechanical Engineering Department of the Faculty of Engineering and Architecture at Trakya University in 1993. In 1994, he started working at Çanakkale Seramik Fabrikaları A.Ş., one of the Kale Group companies. After completing his military service, he continued his career at Kalebodur Seramik A.Ş. in 1996 and joined Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. in 2000. Distinguished by his experience in Technical, Business Development, Production, and Management, Soysal became Production Manager in 2011, Factories Director in 2013, and Vice President in charge of Operations in 2015. As of 2017, Süleyman Soysal has been serving as Kaleseramik Assistant General Manager in charge of Operations.

Cemşit Baylan Assistant General Manager of Financial Affairs

Cemşit Baylan completed his bachelor's degree in Economics at Marmara University and his master's degree in Finance at Istanbul University and started his career as an Audit Assistant at KPMG in 1992. In the six years he worked there, he was promoted to the Audit Manager position, and between 1998 and 2003, he worked as the Assistant to the Chairman of the Board at Karamancı Holding. Between 2003 and 2010, Mr. Baylan worked as Finance Director in various companies in the logistics and real estate sectors

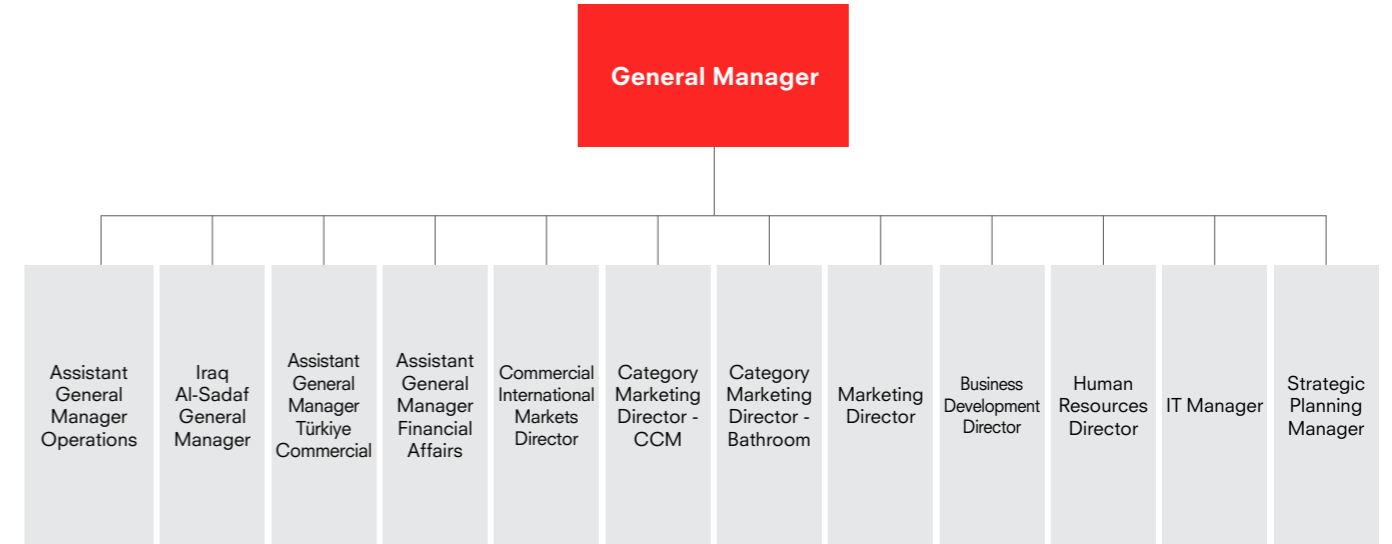
and joined Kale Family in 2010. After successfully serving as Finance Director at Kalekim, Kale Group's leading company in the construction chemicals sector, for nine years, Cemşit Baylan has been working as Assistant General Manager in charge of Finance at Kaleseramik, another leading company of the Group in the building materials sector, since 2019.

N. Onur Özdemir Commercial Türkiye Assistant General Manager

Having received his Bachelor's degree in Electrical Engineering from Yıldız Technical University in 2005, Onur Özdemir completed his Master's degree in Engineering Management at Istanbul Technical University in 2006 and the Integrated Supply Chain Management Master's Program at the University of Michigan in 2017.

With his extensive experience in Management, Supply Chain, Sales Channel Management, and Sales Strategies Development and Implementation, Özdemir began his career at Kaleseramik in 2004 as a Project Sales Specialist. He subsequently held various positions, including Export Logistics Manager from 2008 to 2010, Order Management and Logistics Group Manager from 2010 to 2012, Channel Development and Sales Support Manager from 2012 to 2013, Supply Chain Development Manager from 2013 to 2017, and Digital Transformation Project Management Manager from 2017 to 2019. In December 2019, Onur Özdemir assumed the position of Domestic Markets Sales Director and has been serving as Commercial Türkiye Assistant General Manager since the beginning of 2023.

ORGANIZATIONAL CHART



AN OVERVIEW OF THE INDUSTRY IN 2024

Türkiye fortifies its financial stability

Türkiye entered a cycle of cutting interest rates at the end of 2024.

The year 2024 ushered in a global trend of easing inflation and declining interest rates, a trajectory expected to persist with gradual rate cuts continuing into 2025. As Türkiye embarked on its own cycle of interest rate reductions by the end of 2024, the political landscape in the United States shifted with the election of Donald Trump in November, bringing growth-oriented policies to the forefront. Amid rising global anticipation for interest rate cuts, financial markets continue their search for renewed direction and stability.

While the initiation of customs tariffs by the United States on neighboring countries in 2025 presents a potential short-term competitive edge for Turkish manufacturers,

the looming risk of similar tariff impositions on Türkiye itself remains a critical concern. Against the backdrop of ongoing U.S.-China trade tensions, China's economic policies retain their vital role in shaping global economic dynamics.

Europe, grappling with two consecutive years of negative growth, remains mired in political uncertainty and economic stagnation. The Euro/Dollar (EUR/USD) exchange rate—a pivotal benchmark for Turkish exporters—is projected to remain subdued throughout 2025. Despite continued interest rate cuts by the European Central Bank (ECB), political volatility and economic uncertainties prevail in Europe's major economies.

3.2%

IMF'S GLOBAL GROWTH PROJECTION FOR 2025

In a departure from global trends, the Bank of Japan (BoJ) has embarked on interest rate hikes, signaling a unique stance in the Asian monetary landscape. However, the influence of interest rate policies in 2025 is forecasted to be more moderate compared to the significant shifts witnessed in August 2024.

The International Monetary Fund (IMF) has revised its global growth outlook for 2025 downward by 0.1 percentage points, now projecting growth at 3.2%. According to figures published by the TurkStat, Türkiye's economy expanded by 3.2% in 2024 compared with the previous year.

3.2%

TÜRKİYE'S ECONOMIC GROWTH IN 2024

Türkiye's Economic Landscape
Following the conclusion of the election period and the adoption of rational economic policies, Türkiye has bolstered its financial stability and initiated a cycle of interest rate reductions by the end of 2024. With inflation expected to ease further in 2025, the downward trajectory in interest rates is anticipated to continue. Although the first half of the year may pose challenges, economic momentum is poised to strengthen in the latter half.

In 2024, Türkiye experienced an inflation rate of 42%, ranking it as the second highest worldwide and the highest within Europe. Economic

262

USD billion
TÜRKİYE'S EXPORTS IN 2024

growth in the third quarter reached 2.1%, marking the slowest quarterly expansion since mid-2020. The impact of elevated interest rates has exerted discernible pressure on growth, resulting in a gradual deceleration in economic activity over the year.

The industrial production index contracted year-on-year for four consecutive months in 2024. Nonetheless, Türkiye's export performance stood resilient, posting a 2.5% increase over the previous year and reaching USD 262 billion, thereby exceeding the modest gains recorded in 2023.



AN OVERVIEW OF THE INDUSTRY IN 2024

The ceramics industry is growing its production capacity and elevating its international market competitiveness through investments centered on innovation.

330

thousand

INDIRECT
EMPLOYMENT

Looking forward to 2025, the resolution of ongoing regional conflicts is expected to unlock fresh opportunities for Turkish producers, particularly in construction, infrastructure, tourism, and foreign trade. Moreover, urban transformation projects and the reconstruction efforts in earthquake-affected zones are set to serve as important catalysts for economic growth.

Ceramics Industry

The ceramics industry ranks among Türkiye's leading sectors in terms of added value. It boasts a high reliance on domestic resources and minimal dependence on imports for its exports, making its contribution to the national economy particularly significant.

As one of Türkiye's most established and rapidly advancing sectors, the ceramics industry continues to expand its product range and production capacity each year - a growth fueled by innovation-driven investments that amplify its global competitiveness.

With a market volume nearing USD 2 billion and exports exceeding USD 1 billion, the ceramics industry is recognized as a strategic sector for Türkiye since it provides direct employment for 40,000 people and supports an additional 330,000 jobs indirectly. Currently, Turkish producers of ceramic coating

materials export to 113 countries, while ceramic sanitary ware manufacturers supply 95 markets worldwide. Supported by increasing production capacity, state-of-the-art technology investments, and rigorous quality standards, the Turkish ceramics industry is steadily cementing its global presence.

The industry's flagship product—ceramic tile—has been central to Türkiye's emergence as a major global producer since the investment wave that began in the 1990s. According to the ACIMAC report, Türkiye ranked as the third-largest producer of ceramic coating materials in Europe and the tenth globally in 2023, with an annual output of 372 million square meters. In terms of ceramic tile exports, Türkiye is the third-largest exporter in Europe and the seventh globally.

Türkiye also demonstrates considerable global strength in the ceramic sanitary ware industry. Primarily using domestically sourced materials, this industry plays a strategic role in the national economy by generating foreign exchange inflows and creating jobs. With an annual production capacity of approximately 22 million units, Türkiye is Europe's largest producer of ceramic sanitary ware, and with 8 million units exported, it ranks as the continent's top exporter by volume.

The Turkish ceramics industry has **exports exceeding USD 1 billion.**

Construction Industry

According to the industry report published by the Turkish Construction Material Producers Association (Türkiye İMSAD), despite the restrictive impact of tightening policies implemented in June 2023, the construction industry recorded a robust growth of 9.3% in 2024. This expansion was largely driven by investments in earthquake-affected regions, urban transformation projects, and public infrastructure spending.

While a gradual easing of interest rates is anticipated, tight monetary policy is expected to continue in 2025 as part of inflation control measures. Under these conditions, the construction industry is projected to grow by 5.0%. Infrastructure and superstructure investments in earthquake zones are expected to contribute 2 percentage points to this growth, urban transformation projects between 1.5 and 2.0 points, and public infrastructure investments 1.0 point. Private sector investments are also forecasted to accelerate in the second half of the year, adding

an estimated 0.5 to 1.0 percentage points. Taken together, these factors suggest a likely industry growth range of 5-6% for 2025. Additionally, developments in neighboring countries may exert a positive influence on the industry.

In 2024, building construction was the main driver of production growth. Posting an 18.4% annual growth, building construction benefited significantly from residential and non-residential projects in earthquake-affected regions. Non-building structures, largely comprised of infrastructure works, also grew by 8.5% in real terms, supported primarily by investments from both central and local governments.

Construction materials manufacturing saw a 10.9% hike in the first quarter of 2024, followed by declines of 3.9% in the second quarter and 2.2% in the third quarter. Production rebounded slightly with a 1.0% increase in the final quarter.

Throughout 2024, production rose in 11 subsectors of the construction

industry, while it declined in another 11. Notably, production of construction glass grew by 13.0%, and iron and steel construction products by 12.4%. Conversely, ceramic coating materials production dropped by 22.1%, and ceramic sanitary ware production fell by 25.6% over the year.

UNICERA 2024

In 2024, Türkiye's ceramics industry witnessed significant advancements. Key developments included a focused commitment to sustainability and innovative design, alongside notable trade fairs and investments.

UNICERA 2024, one of the largest commercial platforms for Türkiye's ceramics industry, played a pivotal role in driving the industry's growth in international markets. The fair showcased cutting-edge products from leading Turkish and global brands. Held at a time when sustainability and recycling are at the forefront, this event continues to be instrumental in shaping the future development of Türkiye's ceramics industry.



MANUFACTURING FACILITIES

27.7 million m² ceramic coating materials production

In 2024, **production flexibility was enhanced** through revisions on production lines.

Kaleseramik operates production facilities in Çanakkale (Çan and Semedeli), Balıkesir (Bandırma), and Yozgat (Yerköy). Boasting an annual production capacity of 56 million m², the Company stands as Türkiye's largest, Europe's fourth largest, and the world's 21st largest producer of ceramic coating materials.

- The capacity utilization rate for ceramic coating materials reached 49.4% in 2024. Production volume decreased by 20.0% compared to the previous year, totaling 27.7 million m².
- Vitrified products' capacity utilization rate was recorded at 60.7%, with production volume declining by 10.4% to 691,800 units.
- Furniture production capacity utilization rate reached 81.3%, with production volume increasing by 22.0% to 68,300 modules compared to the previous year.

A new slab-sinterflex production line investment was commissioned on July 27, 2023, within the Slab-Sinterflex 2 Factory located at the Çanakkale Çan campus. With an annual production capacity of 1.5 million m², the line produces slabs in dimensions of 160x320 cm (6-10-20 mm) and smaller sizes. Approximately 70% of the output targets export markets. This investment aims to reduce carbon emissions per unit product by 42% compared to standard production through zero waste, low energy consumption, and full digitalization. The project, valued at approximately EUR 34.2 million, was financed through internal resources and loans.

In 2024, production flexibility was enhanced through revisions on production lines, strengthening the production capacity for the market's primary size of 60x120 cm. Machinery upgrades and production line renewals were carried out at the furniture factory in Bandırma. Additionally, investments were made in chambers and drying ovens, and pressure casting machines at the bathroom factory in Semedeli to increase production efficiency.

At the existing Slab-Sinterflex 1 Factory, a capacity expansion investment began to increase the production of higher value-added sinterflex products through machinery and line revisions. This investment, planned for commissioning in May 2025, will increase the capacity of the factory's first line from 800,000 m² to 1.2 million m², achieving a 50% rise. Following this, the second line within the factory is planned to undergo a similar revision process. Scheduled for completion by early 2026, this investment will raise the second line's capacity from 800,000 m² to 1.2 million m², also reflecting a 50% increase. Overall, slab-sinterflex investments are projected to amount to EUR 15 million.

In the first quarter of 2025, the Company will commission the Supera production line—an investment of 5.54 million Euro—designed to manufacture slabs in 120x280 cm, 120x120 cm, and 60x120 cm formats. With this advanced line, the Company targets an annual production capacity of 2.4 million square meters for the 120x280 cm and 120x120 cm sizes, and 2.8 million square meters for full-format 60x120 cm slabs.



Production volumes and capacity utilization rates for the Company's main product groups are as follows:

	2023	2024	Change (%)
Ceramic Coating (thousand m ²)	34,628.5	27,687.4	-20.0%
Sanitary Ware (thousand units)	772.5	691.8	-10.4%
Furniture (thousand units)	56.0	68.3	22.0%

Location	Open Space (m ²)	Closed Space (m ²)*
Çan	441,631	366,967
Semedeli	189,281	59,957
Yozgat	179,790	25,649
Bandırma	38,498	12,115

* Production areas refer to offices and all other indoor areas in use.

PRODUCTS AND SERVICES

Sustainable solutions driven by technology and design

Ongoing optimization and continuous improvement efforts were undertaken in the ceramic product group, in alignment with market trends and evolving consumer needs.

In 2024, Kaleseramik advanced its commitment to sustainability by seamlessly integrating technology and design across its production processes. Offering a continually expanding product portfolio shaped by evolving customer needs and expectations, the Company further distinguished itself within the industry.

During the year, new product developments were carried out in the 160x320 cm size category, aligned with portfolio requirements and the design trends of 2024. Notable additions included the Black Swan, Terra Rosa, and Patagonia Flower series—collections that stand out for their advanced technologies. In line with the “warm minimalism” concept, the Borgogna Stone series was introduced at the Cersaie Fair. To meet market demand for more affordable countertop options, four new series in 80x320 cm dimensions were designed; three

have completed production and have been launched. Development of ultra-thin 2 mm products was carried out in 100x300 cm format, with prototypes showcased at both the Cersaie and UNICERA fairs. In the 12 mm segment, three new series featuring Genesis technology—Calacatta Extra, Calacatta Oro, and Constantinople—were developed, with their first production runs completed and officially launched at Cersaie.

In the slab and Kalesinterflex product categories, continuous improvement efforts focused on market-driven optimization and alignment with rigorous quality standards.

The new wall tile format of 40x120 cm was launched at UNICERA. Under the Çanakkale Seramik brand, 8 new series comprising 44 SKUs were added, while the Edilcuoghi brand introduced 3 new series representing classic, avant-garde, and cement/stone typologies, contributing 22 SKUs to the wall tile portfolio.

Additionally, two new series—Vincent and Vetra—were introduced in the 40x80 cm wall tile range. While the Vetra series brings a contemporary interpretation of the marble trend into living spaces, the Vincent series incorporates a gradient color palette to offer modern elegance.

The 30x60 cm wall tile portfolio was also reviewed and optimized. Under the Edilcuoghi brand, the Terra Arte series was developed in the 7x28 cm format, featuring glazed granite with both matte and glossy surface options.

To respond to the growing trend of small-format tiles, the Armonia collection was added to the portfolio. Offered in a 10x14 cm hexagonal shape, this matte-surfaced tile features relief-decorative elements that elevate its aesthetic appeal. Meanwhile, the Strato series—offered in a 30x60 cm format with an interlocking stone typology—was introduced in cotto, coffee, and beige color options to meet diverse consumer preferences.

The increasingly popular Basel and Capella series, previously part of the 40x80 cm wall tile portfolio, were upgraded and incorporated into the 60x120 cm porcelain tile range.

In sanitary solutions, the Trono Front-Wall Monoblock Cistern was developed in the Pallisandro KSFX model, available with both wall-hung and floor-mounted toilet configurations. It supports dual-flush options of 3/6 liters and a water-saving 2.5/4 liters. The Trono range eliminates the need for renovation by enabling concealed cistern and wall-hung toilet installations. The newly improved Triton concealed cistern system—featuring improved structural design and extended durability—was also put on the market.

Within bathroom faucets, new built-in mixer models in Chrome, Black, and Gold were added to the D-Luna and Tandem series. The Rain collection was expanded to include color-coordinated hand shower sets and shower bars, while D300 series accessories were also incorporated into the product range.



In total, 10 new models were introduced in the faucet category, 29 in concealed cisterns, 13 in shower systems, and 8 in accessories.

The Ceramic Sanitaryware (CSW) product portfolio was significantly expanded with a focus on innovative and functional solutions. New product introductions placed user comfort, hygiene, and functionality at the forefront. Among the highlights was the Smartx intelligent toilet seat cover, which combines functionality with advanced hygiene features and comfort, and was officially put on the market.

Elevating the smart hygiene concept, the D-Luna and Optimum toilet series feature rimless designs that meet heightened expectations for cleanliness and sanitation. Equipped with the Smart Flow Flushing System, these models offer superior cleaning performance.

In the luxury segment, the Edilcuoghi series blends classical and contemporary design sensibilities, bringing a touch of elegance to bathroom interiors with its black and white color options. This collection offers a seamless fusion of timeless and modern aesthetics, adding sophistication to any bathroom space.

Further refined, the Zero 2.0 series introduces six color variations to combine aesthetic appeal with practical design. Lavatories and urinals integrated with side-mounted faucet bands have been added to the offering. Additionally, urinal privacy panels—available in six color options—blend visual appeal with functional design.

Manufactured with Sinterflex technology, the KSFX urinal partitions signal a new chapter in bathroom design. These products have been introduced in three distinct models and surface finishes.

As of 2024, a total of 57 new models have been added to the CSW portfolio, marking a significant expansion in the Company’s bathroom product line.

To reinforce its presence in the luxury segment, the bathroom furniture category underwent a significant expansion in 2024. As part of this initiative, the Edilcuoghi, Ombra, and Zenith series were added to the portfolio with a total of 40 new editions. In the upper-mid segment, the Sole and Fold Pro collections were introduced to raise functional diversity, bringing 65 new models to market. Additionally, the Line series—featuring 8 models that have

IN 2024, THE EXPANDED BATHROOM PRODUCT PORTFOLIO CONTINUED TO MEET CUSTOMER NEEDS HOLISTICALLY.

garnered strong consumer approval in project-based installations—was also integrated into the portfolio.

To enrich the offering in terms of brand identity, color palette, and design aesthetics, the Volo collection was launched with 12 models. The luxury product range was further extended with the I-con series, also introduced with 12 distinct models.

As of 2024, a total of 8 new collections and 120 models have been added to the bathroom furniture category. These developments have not only strengthened the brand’s competitive edge but also enabled it to respond to a broader spectrum of customer needs.

MARKETING AND SALES

Customer-focused marketing and sales initiatives

Interactive, user-friendly solutions have been implemented to make Kaleseramik's extensive product range more accessible.

In 2024, Kaleseramik broadened the impact of its marketing strategy by integrating digital and traditional channels, strengthening brand awareness through customer-focused communication initiatives. These strategic approaches raised the efficiency of sales processes while deepening customer engagement.

Strong Brands, Impactful Communication

In the bathroom furniture category, exclusive promotions—such as discounts and complimentary installation—continued throughout 2024, effectively communicated across all channels. Kale Banyo's social media platforms featured content focused on sustainability and water and energy conservation, amplified through advertising to reach broader audiences. The ongoing product sponsorship with IKEA was maintained, and the updated bathroom product catalog was published on kale.com.tr.

Discount campaigns for Kale-branded bathroom products were launched under the slogan "Autumn Festival in Bathrooms by Kale" in November, offering up to 50% off, and "Make Room for Renewal in Your Bathroom This New Year" in December, offering up to 40% off. These campaigns were supported not only via social media but also through search engine advertisements.

Çanakkale Seramik supported the launch of new small-format ceramic collections with promotional brochures and reached its target audience through social media and email marketing campaigns. A comprehensive communication plan was developed to introduce new 40x120 cm and 40x80 cm collections, with innovative products from both Çanakkale Seramik and Kalebodur promoted through digital and print channels.

For Kalebodur's 120x280 cm large-format tile collection, all online, offline, display, and print preparations were completed. The new catalog was finalized and published on the website, with preparations ongoing for the product launch planned in 2025.

T-One Porcelain Countertops brought its innovative approach—blending kitchen aesthetics and functionality—to a wider audience through the "Tezgâh Üstü Sohbetler" (Countertop Conversations) YouTube series. Hosted by well-known figures such as Arda Türkmen, Çiğdem Seferoğlu, Claudio Chinali, Kerem Bürsin, Mustafa Otar, Doğa Rutkay Aziz, and Andaç Yeşilyurt, the series

featured culinary experiences and lively conversations around T-One countertops. Enjoying strong audience interest, the series is set to continue in 2025, with new episodes featuring Ayşe Arman, Aslıhan Gürbüz, and Engin & Beyza Hepileri currently in production.

Additionally, the announcement of T-One's NSF certification—attesting to its quality and hygiene standards—was prominently communicated across all platforms, underscoring the product's reliability and advanced hygienic properties. The updated T-One catalog was published on the company website, making it easy for consumers to access the most current product information and design options.

Improving Engagement Through Experiential Retail

In 2024, Kaleseramik expanded its experiential showroom concepts to bring customer experience into the physical space. Specially designed showrooms were established to showcase large-format porcelain slabs. A new showroom opened at the Levent Head Office served as a central platform for this engagement, allowing architects, designers, and end users to interact with the products firsthand. Similar initiatives were launched across key dealerships, with installations completed at the İzmir Store, Masse, and Ermak locations. Implementation is ongoing at Fulya Store, Çalık Dekor, and the Dubai-based Al Shaibani dealership.

Kaleseramik also strengthened its international footprint by opening a



new dealership in Cologne, Germany, through its distributor Sandbau GMBH. The opening was widely publicized through both local media and sector-specific publications in Germany. Over the course of the year, display services were provided at 105 locations domestically and internationally, with custom exhibition areas created for large-format porcelain slabs.

Synergistic Collaborations with the Architecture and Design Community

Kaleseramik continues to cultivate strong ties with the architectural community, supporting knowledge sharing and creative partnerships through pioneering initiatives in design and construction. The ongoing series "Architects Talk with Kalebodur," moderated by Prof. Dr. Celal Abdi Güzer, reached its 117th episode, with plans underway to compile the series into a book for 2025. The Company also revived its earlier series "We Talk About Buildings," originally produced between 2018 and 2019, with the 24th episode completed during the year.

Meanwhile, the "Architecture with Kalebodur" series, moderated by Cüneyt Özdemir, aired its 423rd episode, continuing to explore current topics in architecture through conversations with industry professionals. Since 2012,

Kaleseramik has maintained a robust communication network within the architectural ecosystem, reaching a community of 37,500 architects through regular e-newsletters featuring innovations and inspirational projects. Talks, workshops, and digital video content organized in collaboration with the Interior Architects Association and Idealist have further contributed to the evolution of the design and architecture landscape.

To offer firsthand experience of T-One porcelain countertops, exclusive factory visit programs were organized at the Çan production facility for architects and installation professionals. These visits provided in-depth insights into the manufacturing process, while facilitating feedback on the product's technical and aesthetic features. Additionally, store events, B2B meetings, and factory tours continue to foster ongoing dialogue with architectural firms.

Sponsorship collaborations with platforms such as the Salt Architecture Archive, Arkiv, and Archiproducts have also continued, supporting archival and documentation efforts in architecture and design.

KALESERAMİK REACHES A COMMUNITY OF 37,500 ARCHITECTS THROUGH REGULAR E-NEWSLETTERS.

A New Era in Sales Channels Through Digital Transformation

In 2024, Kaleseramik invested in performance-driven advertising across e-commerce channels, leveraging Google and Meta platforms to enhance customer engagement.

The launch of a next-generation digital catalog platform enabled faster and more intuitive access to the Company's products and services. As part of its digital transformation strategy, Kaleseramik introduced interactive, user-friendly tools to improve product discoverability across its broad portfolio. Marketing automation systems boosted customer interactions, while CRM integrations streamlined after-sales processes for greater operational efficiency.

To inspire renovation and accelerate purchasing decisions, the Company developed the Kale Core platform. Additionally, under the PIM project,

MARKETING AND SALES

Participation was secured at prestigious trade fairs

Kaleseramik showcased its innovative products on the international stage, **connecting with industry professionals.**



core product data was optimized and distributed across digital assets to ensure consistent and accurate information delivery.

Strengthening Our Global Presence Through Key Industry Events

In 2024, Kaleseramik reinforced its global presence in the ceramics and building materials industry by participating in prestigious international trade fairs, showcasing its innovative products, and connecting with industry professionals worldwide.

In April, the Company attended the Coverings Fair in Atlanta, USA, under the Kalesinterflex brand, where it introduced its 160x320 cm format products tailored for the American market. As part of a targeted communication strategy for the fair, advertisements and editorial features were published in Tile International magazine. Additionally, a comprehensive outreach campaign—spanning pre-event, during-event, and

post-event—was executed through social media channels and direct mailing efforts, reaching a wide audience.

In September, Kaleseramik demonstrated a strong presence at the Cersaie Fair in Bologna, Italy, with its Kalesinterflex, T-One, and Kalebodur brands. The exhibition featured the 2024 theme, “Natural Balances,” highlighting nature-inspired and sustainable designs. A stand designed in collaboration with renowned Italian architect Paolo Cesaretti and Kaleseramik’s Concept & Visual Design Team attracted significant attention with large-format porcelain slab solutions that seamlessly merged aesthetics and innovation. Kalesinterflex’s ultra-thin 2 mm slab was introduced under the slogan “Small Details, Big Impact.” Promotional efforts included advertisements and editorials in Tile International and CWR magazines, as well as outdoor and digital advertising

at the fairgrounds, supported by extensive mailing campaigns during and after the event.

In October, at Idéobain, the Bathroom and Design Fair held in Paris, Kaleseramik presented its latest bathroom furniture collections, innovative vitrified products, and UPEC-certified tiles. The newly developed 120x280 cm collections were introduced to the European market.

In November, Kaleseramik participated in UNICERA 2024, Türkiye’s largest ceramics fair, with its Çanakkale Seramik, Kalebodur, Kalesinterflex, Edilcuoghi, and T-One brands. The exhibition stand, designed around the “Natural Balances” theme, offered visitors a dynamic experience emphasizing Kalesinterflex’s superior performance and versatile applications. New product sizes such as 120x280 cm and 40x120 cm were showcased, and for the first time in Türkiye, the brand’s ultra-thin 2 mm porcelain slabs were introduced

at the UNICERA booth. Editorial coverage in Timder magazine, strategic outdoor advertising, and an exclusive interview with Zeynep Bodur Okyay further amplified brand visibility and communicated Kaleseramik’s vision to fair visitors.

Award-Winning Achievements

In 2024, Kaleseramik continued solidifying its leadership in innovation, design, and sustainability through a series of significant achievements. At the Brandverse Awards 2024, organized in partnership with Marketing Türkiye and BoomSonar—Türkiye’s most comprehensive advertising and marketing awards—Çanakkale Seramik and Kale Banyo received Gold and Silver awards in the “Building Materials” category of the SocialBrands Data Analytics Awards.

The Earth Collection by Kalesinterflex, inspired by nature, was honored with the iF Design Award 2024, a globally recognized accolade celebrating excellence in design. In addition, Kale Banyo received the Bronze Award in the “Water Management of the Year” category at the Climate and Sustainability Awards, organized by Marketing Türkiye.

Kaleseramik also earned recognition at the 29th Golden Plumb Awards, receiving the Contribution to Sustainable

Architectural Communication Award for its long-running initiative, “Architects Talk with Kalebodur.”

After-Sales Services and Customer-Centric Market Research

To improve customer experience and increase operational efficiency, Kaleseramik regularly conducts market research. During the year, targeted analyses were carried out to identify the specific needs of large-format product installers. Dealer satisfaction and the expectations of dealer staff were also evaluated.

A comprehensive segmentation study was conducted to better understand the relationship between tile and sanitaryware installers and consumers, as well as other stakeholders. As a result, strategies were developed to strengthen installers’ influence in the purchasing process.

Kaleseramik is committed to delivering top-tier after-sales services through a robust service network. With 135 authorized service centers across 77 provinces in Türkiye, the Company significantly expanded its coverage by adding 12 new service stations in 2024. A total of 117 service station audits were conducted throughout the year, ensuring adherence to quality standards, and service performance exceeded set targets.

THE EARTH COLLECTION BY KALESINTERFLEX, INSPIRED BY NATURE, WAS HONORED WITH THE IF DESIGN AWARD 2024, A GLOBALLY RECOGNIZED ACCOLADE CELEBRATING EXCELLENCE IN DESIGN.



INVESTMENTS

Capacity expansion projects **initiated**

In 2024, alongside strategic partnerships, **new investments were implemented** to optimize production processes.

In line with its long-term growth strategy, Kaleseramik continues to strengthen its industry leadership by shaping its investment approach not only through capacity expansion but also by embracing innovative production technologies, digitalization, and sustainability principles. In 2024, capacity expansion projects initiated in 2023 were successfully commissioned, while new investments were implemented to optimize production processes and support strategic partnerships.

Accordingly, the Company invested TL 1.2 billion in tangible and intangible fixed assets. Approximately 70% of the investment budget was allocated to new revenue-generating projects, 10% to cost optimization, 5% to digital transformation initiatives, and the remainder to maintenance investments supporting operational continuity. These strategic initiatives not only drove growth but also reinforced the existing production infrastructure, creating long-term value.

Looking ahead, investment activities will continue with a strong emphasis on sustainability-focused projects. Between 2025 and 2030, a total investment of approximately USD 150 million is planned, with a focus on completing new capacity expansion projects, advancing production technologies, and delivering revenue-generating investments. In 2025, new sustainability initiatives will prioritize reducing carbon emissions and accelerating efforts to enhance energy efficiency. In this context, feasibility studies for solar power plant (SPP) investments are underway to support the transition to renewable energy.



R&D ACTIVITIES

Innovative ideas come to life

In 2024, the Kaleseramik R&D Center submitted applications to several national and international funding and support programs.

Distinctive Initiatives Driven by Robust R&D Structure

As one of the most significant industrial initiatives in the history of the Republic and Türkiye's first ceramic manufacturer, Kaleseramik builds on a legacy dating back to 1957. With a research and development approach focused on design and innovation, the Company continues to transform evolving global dynamics and shifting market needs into projects that boost its competitive strength.

To meet the growing need for research, technological advancement, and innovation in an increasingly competitive landscape, Kaleseramik established its R&D Center in 2012. Operating around five key pillars — cost optimization, quality improvement, efficiency, added value/functionality in products, and development of new areas of use — the center leads project-based initiatives designed to deliver tangible impact.

Since its establishment, the R&D Center's efforts have generated a total savings of 143.3 million TL, including TL 21.7 million in 2024 alone.

National and International Support Programs

The Kaleseramik R&D Center submitted applications to national and international funding and support programs to advance its innovation capabilities through strategic projects in 2024.

European Union (EU) Projects with International Funding

As the global emphasis on reducing emissions in the industrial and energy sectors grows, Kaleseramik's R&D Center has taken an active role in the development of sustainable solutions. One such initiative is the Hydrogen Valley project, which aims to promote the use of hydrogen gas in industrial and energy applications to help build a regional "hydrogen economy." This project, known as HY South Marmara, is carried out under the EU Horizon program and focuses on innovative energy solutions in the South Marmara region. It secured EUR 7,455,625 in funding — the largest single EU grant ever awarded to a project in Türkiye — as part of a total project budget of EUR 36 million.



In addition, the R&D Center submitted a proposal to the Interreg-Next Med call in 2024, collaborating with six other consortium partners. With a budget of 3 million EUR, the project aims to develop technologies that reduce carbon emissions in ceramic tile production across the Mediterranean region. It successfully passed the preliminary evaluation with a score of 80 points, with final results expected in March 2025.

Another EU-supported initiative, EUROKANET, focuses on the development of dry granulation technologies for slab lines. Conducted with four consortium members, the project is currently under review, with first-phase evaluation results anticipated in April 2025.

National Programs: Sayem, Hamle, TÜBİTAK Projects

Kaleseramik's R&D Center also submitted two project applications in 2024 to the Sayem 1832 and Sayem 1833 calls. As of December 2024, the Sayem 1832 project, titled "Wall Tile Production with Dry Granulation Technology," has successfully completed its review process and qualified for grant support. Backed by the World Bank, the project is expected to receive TL 21 million in funding over 2025–2026.

If the project aligns with green transformation criteria, it may also be eligible for additional support.

The "Çanakkale Green Transformation Ecosystem Project" is being led by the Kaleseramik R&D Center as part of the Sayem 1833 program. With a total budget of 300 million TL, the project spans seven core areas, all centered around advancing sustainable practices.

In 2024, the Company also submitted a proposal to TÜBİTAK's 1515 Frontier R&D Laboratories Support Program. The goal is to launch 15 high-impact R&D projects between 2025 and 2030 in collaboration with leading academic institutions, both in Türkiye and abroad. Having successfully passed the initial review phase, the team is now preparing for the next stage. If approved, the initiative would secure TL 15 million in annual funding over five years.

Meanwhile, two additional applications were submitted in late 2024 under the Ministry of Industry and Technology's "Hamle" support program. The proposals are currently undergoing evaluation, with assessments proceeding in accordance with TÜBİTAK and ministry timelines.

21.7

TL million

**SAVINGS ACHIEVED
THROUGH R&D CENTER
PROJECTS IN 2024**

Collaborating with Universities

Kaleseramik has built strong, long-term partnerships with Türkiye's foremost universities, including Istanbul Technical University, Yıldız Technical University, Eskişehir Technical University, Gebze Technical University, İzmir Kâtip Çelebi University, Çanakkale Onsekiz Mart University, and Anadolu University. On the international front, the Company collaborates with Spain's Jaume and Zaragoza Universities, developing joint research projects with a European scope. Kaleseramik also maintains active partnerships with leading research centers such as SAM (Ceramic Research Center), BOREN, and the Institute of Ceramic Technology (ITC).



R&D ACTIVITIES

Investments in domestic technologies

In 2024, Kaleseramik was awarded **first place in the “Environmentally Friendly Application” category** at the ISO Green Transformation Awards organized by the ISO.

Cutting-Edge Laboratory Capabilities

At the heart of Kaleseramik’s R&D strength is a robust, continuously evolving laboratory infrastructure. These facilities support detailed analyses of raw materials, processed compounds, wastewater, and finished ceramic products—covering physical, chemical, and mineralogical dimensions. Certified by TÜRKAK since 2019, the labs hold TS EN ISO 17025 accreditation, covering 32 test parameters in chemical analysis, wastewater treatment, and final product testing. In 2024, the infrastructure was upgraded with advanced capabilities, including tools for reverse engineering, an Inktester system for evaluating various digital print heads, and a mechanical strength tester.

Kaleseramik is also proud to be the first and only Turkish lab listed in the European Ceramic Society (ECerS) guide—a recognition it has held since 2014. Moreover, the third cycle for the TS EN ISO 17025 Laboratory Qualification Certificate covering the accreditation of 32 tests/analyses under the main headings of chemical analysis, wastewater, and ceramic end products, was launched.

Awards in 2024

In 2024, Kaleseramik received first prize in the “Environmentally Friendly Practices” category at the ISO Green Transformation Awards, organized by the Istanbul Chamber of Industry (ISO), for its project titled “Electricity Generation and Storage through the Production of Piezo Ceramic Composite Materials.”

Patents and Scientific Publications

Patent and utility model applications are key indicators of R&D competence. As of 2024, the Kaleseramik R&D Center has filed a total of 14 patents and 14 utility model applications.

Scientific publications are also a vital measure of how R&D activities contribute to academic and industrial advancement. To date, the Kaleseramik R&D Center has published over 100 scientific papers. On March 5–6, 2024, Kaleseramik participated as a sponsor at the 18th World Congress on Ceramic Tile Quality (QUALICER 2024) held in Castellón, Spain. The Director of the Ceramic R&D Center, Dr. Kağan Kayacı, was invited as a panelist in the Innovation Management session. Additionally, three scientific papers were presented orally at this prestigious event.

The R&D Center also supported the 18th International Mineral Processing Symposium, held in Eskişehir, as a sponsor and delivered two oral presentations during the event.

R&D Projects in 2024

Raw Material Projects

Industry reports have identified the exploration of new raw material sources and the modeling of existing reserves as key areas for development. In this context, efforts are underway to develop alternative local sources to replace imported kaolin and clays used in the SSG and SKM processes. In particular, metakaolin and calcined kaolin are projected to become significant raw materials in the ceramics, paint, and cement industries. Comprehensive research in this area is being conducted in collaboration with Kalemaden and the R&D Center.

Energy Efficiency Projects

As part of the sector-wide shift toward energy efficiency, 2024 R&D efforts focused on oxygen enrichment solutions for spray/vertical drying burner systems, aiming to reduce natural gas consumption. Additional projects were developed to recover waste heat from factory flue gases.

Product and Technology Development

To strengthen its global competitiveness and better meet customer expectations, Kaleseramik continues to develop innovative products and advanced production technologies. New-generation porcelain slabs and tiles are being produced using state-of-the-art decoration techniques that combine aesthetics and functionality, further expanding the product portfolio.

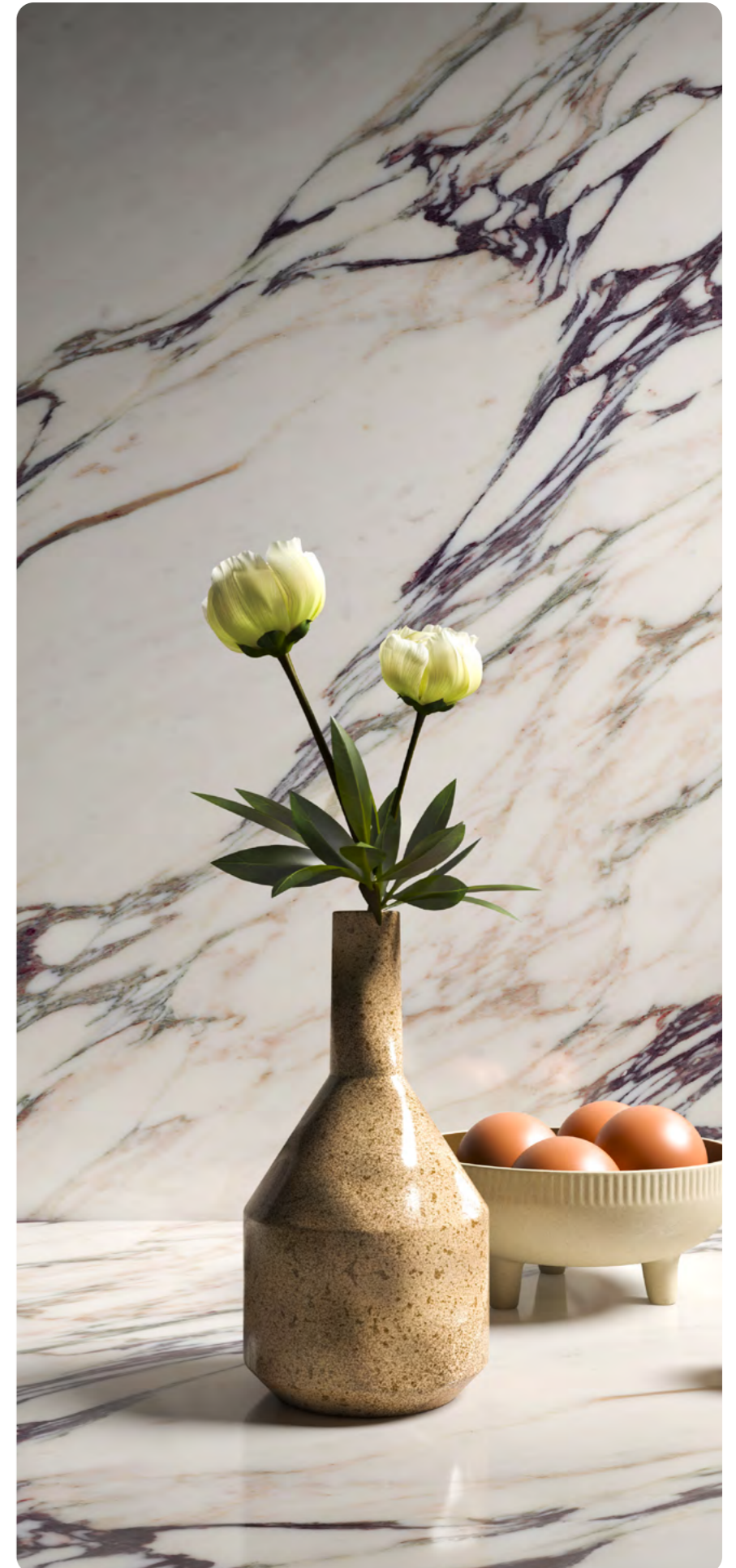
As of 2024, the Company has developed 33 new product series and 69 SKUs in 6 mm and 12 mm thicknesses. It has also produced the world’s thinnest porcelain slabs in 100x300 cm and 120x360 cm formats. Alongside expanding domestic production capacity, new product modeling initiatives have been undertaken for wall tiles, Kale Atölye collections, and trim production.

In the area of technology development, R&D efforts have been initiated into laser sintering technology for processing ceramic surfaces. This technology, to be applied in Türkiye for the first time, is currently being analyzed in comparison with traditional firing methods.

Investments Focused on Efficiency and Localization in Production

Kaleseramik has invested in domestically developed technologies that deliver cost and efficiency advantages in production processes. As part of the Next-Generation Domestic Ceramic Roller Kiln Development Project, the design phase has been completed, and a locally manufactured quality control and packaging machine has been commissioned. These technologies are expected to be fully integrated into production processes by 2025.

In addition, a Digital Effects Preparation Facility has been established to localize imported digital effect and inks. It has already been brought into use at the Granite and Sinterflex plants. A Prototype Mineral Enrichment Facility has also been commissioned, launching test processes aimed at optimizing the use of raw materials.



INFORMATION TECHNOLOGIES

Digital solutions deployed

The SAP Profitability and Performance Management (PaPM) Module was **deployed and widely adopted in 2024.**

In today's business landscape, digital transformation has become one of the most critical drivers of speed, efficiency, and sustainable success. Embracing a vision of operational excellence, Kaleseramik continues to prioritize digitalization through decisive investments in next-generation technologies.

In 2024, the SAP Profitability and Performance Management (PaPM) module was fully deployed to enable detailed analysis of profitability drivers and empower key users to manage distribution models more effectively. Its integration has enhanced decision-making across the organization.

To address evolving and differentiating customer needs and expectations with a holistic approach, a suite of digital solutions was implemented via the Salesforce platform. Domestic and international dealer portals and dealer employee platforms remained in active use throughout the year. Additionally, the Mobile Master Club project was added to the system in 2024, with further initiatives planned for 2025 to enhance B2B commercial agility.

Kale.com.tr's online sales infrastructure was upgraded with new functionalities aligned with e-commerce dynamics and the corporate website's user experience goals. The second version of the Kale Core app was completed, introducing features such as English language support, a "See It in Your Home" visualizer, and access to new product collections. Improvements to both Kale.com.tr and Kale Core 2.0 are scheduled to continue into 2025.

In line with the Company's digital transformation roadmap, the Kale 99 initiative—focused on Production Digitalization—was launched as a pilot at the granite factory. The project completed key phases, including data collection and analysis, to stabilize process parameters and optimize efficiency. Additionally, the Kale 99 Predictive Quality module, built on an IoT infrastructure, was introduced to forecast quality issues in advance. By integrating this system into the production environment, quality concerns are now reported to relevant teams in real time. The Kale 99 Granite Expansion Phase carried forward Industry 4.0-focused efforts, enabling order-based tracking across all production lines and establishing a comprehensive production control and traceability system for each tile. Data collected from the system has been integrated with the ERP platform, creating a graph-based reporting mechanism. Full deployment of the system—including secondary processes such as body and glaze preparation—has gone live at the granite factory. In 2025, this implementation will expand to include other plants and secondary processes.



To strengthen supplier management processes, a digital Supplier Relationship Management (SRM) system was launched. This platform enables systematic evaluation of suppliers' strengths and competencies in line with business strategies, facilitates the planning of strategic collaborations, and enhances the overall efficiency of procurement operations. Integration work to ensure the platform's effective use will continue throughout 2025.

Kaleseramik's subsidiary in Iraq continues to actively utilize the SAP ERP system, ensuring operational consistency across geographies.

The Product Lifecycle Management (PLM) project, aimed at managing all Kaleseramik product groups, has now been extended to include the Frit category. Plans are in place to expand the PLM application in 2025 through further digitalization of relevant processes.

To enhance the use of data analytics in Sales & Operations Planning (S&OP) processes, a Demand Forecasting Model was developed, initiating more structured forecasting efforts. Further enhancements to this model are planned for 2025 to increase its predictive accuracy and business impact.

The KaleKokpit platform—developed to strengthen performance measurement infrastructure and ensure transparent monitoring of Kaleseramik's KPIs and PIs—continues to be actively used across the organization.

To accelerate the digitalization of workflow processes, an E-flow infrastructure has been implemented, transitioning departmental approval procedures and information sharing into a fully digital environment. Additionally, Robotic Process Automation (RPA) solutions have been deployed, integrating processes such as OGS/HGS payments, POS reconciliations, and the entry of e-dispatch and e-invoice documents directly into the SAP system.

TO ACCELERATE THE DIGITALIZATION OF WORKFLOW PROCESSES, AN E-FLOW INFRASTRUCTURE HAS BEEN IMPLEMENTED, TRANSITIONING DEPARTMENTAL APPROVAL PROCEDURES AND INFORMATION SHARING INTO A FULLY DIGITAL ENVIRONMENT.

HUMAN RESOURCES

A culture of work **that** **keeps evolving**

At Kaleseramik, talent management is **based on the belief that every employee is a talent.**

KALESERAMİK STRIVES TO FOSTER A CULTURE THAT ALIGNS EMPLOYEES WITH THE COMPANY'S GOALS, PROMOTES HIGH PERFORMANCE, AND REWARDS SUCCESS.

Kaleseramik adopts a people-oriented management approach, making significant strides toward the future alongside its employees. The Company's competency-based human resources practices ensure the acquisition of the right talents, appropriate placement of employees, and support for their continuous development. Performance management processes align with both individual and corporate goals, contributing to sustainable success.

In tandem with Kale Group's vision of cultural transformation, Kaleseramik not only adapts to future business needs but also aims to advance its work culture through ongoing improvements.

Recruitment

Kaleseramik's recruitment processes focus on attracting individuals who meet job requirements and competencies, possess ethical values, align with corporate culture, and are open to growth. Depending on the position's requirements, systematic methods such as general aptitude tests, foreign language assessments, personality inventories, assessment center applications, and competency-based interviews are utilized in candidate evaluations. Ultimately, a job offer is extended to the most suitable candidate based on these assessments.

Talent Management

At Kaleseramik, talent management is based on the belief that every employee is a talent. The goal is to recruit, retain, and effectively develop individuals who possess the competencies, knowledge, and skills necessary for their roles.

The talent management process involves holistic and systematic practices coordinated across the Group to cultivate future generations and business leaders. It also focuses on maximizing employee performance in line with their development plans while balancing employee expectations with the Company's objectives.

Learning and Development

The Company's learning and development strategy promotes a culture of continuous learning by providing training and development solutions to all employees in professional, technical, and personal development areas. This approach aims to strengthen the learning organization, encourage employees to apply and share their acquired knowledge, and boost job satisfaction and motivation.

Performance Management

Kaleseramik strives to foster a culture that aligns employees with the Company's goals, promotes high performance, and rewards success.

The performance management system employs a multi-dimensional, goal-based evaluation approach. Employee contributions are assessed using objective criteria to ensure alignment with the Company's long-term strategic goals.



Job Evaluation and Wage Management

Kaleseramik upholds the principle of equal pay for equal work, implementing its remuneration processes based on performance. When determining the remuneration policy, factors such as market analysis, the Company's current situation, its sector position, and financial strength are taken into account.

To align with the Company's strategies, a comprehensive job evaluation system is implemented for all employees to assess the relative value of various positions within the organization. This system categorizes and grades tasks based on job families.

Job grades, which underpin the wage management system, are established through the job evaluation process. Evaluations focus on job content, its contribution to corporate goals, and levels of responsibility, independent of job titles or individual characteristics. The internationally recognized HAY Job Evaluation System is employed for this purpose.

After completing the job evaluations, the Company closely monitors domestic wage markets through research, allowing it to establish competitive and fair wage policies based on the collected data.

Career Management

Promotion, appointment, increase in rank, and rotation processes are conducted with a comprehensive and objective human resources approach. These processes are grounded in the results of performance and competency assessments.

Employees' career goals are supported by training and development programs, performance management, and competency management practices. The Management Career Pathway provides the essential framework for employees to advance to higher positions while focusing on the development of management and leadership skills. Conversely, the Technical Career Pathway is designed for employees with specialized expertise in fields such as research and development (R&D) and engineering. Based on competency assessment results, employees are guided towards one of these two pathways, allowing for tailored career development planning.

Personnel and Labor Movements, Employee Benefits

In line with its modern management approach, Kaleseramik is committed to continuously improving its working environment and conditions in accordance with legal regulations and international standards.

In this regard, the Company implements a globally accepted wage management model and offers various social benefits, including location-specific rent and travel allowances, life insurance, food support, maternity and marriage benefits, annual leave pay, military service allowances, fuel support, and bonuses for Eid al-Adha and Eid al-Fitr. Additionally, blue-collar employees receive bonus support, and a customizable benefits package is available to all employees. This package includes private health insurance, a private pension system (PPS), social assistance, educational assistance, Ramadan food vouchers, sacrifice assistance, and vacation support. Severance and notice pay are also provided in compliance with legal regulations.

As part of employee support programs, gifts such as diapers and diaper cushions are offered to employees who welcome a newborn, and those on sick leave for more than 15 days receive personal visits. Newly hired white-collar employees are presented with a "Welcome Package."

A shuttle service for employees is available, commencing in 2024.

HUMAN RESOURCES

Talent management efforts finalized

Throughout 2024, all employees received **training on Living and Working with Values.**

Training Programs

Kaleseramik prioritizes employee development by offering Digital Transformation and Innovation Academy 2.0 training for white-collar employees under the Castles of the Future program. Conducted in partnership with Sabancı University, this program aims to facilitate adaptation to changing global dynamics and industry trends. Additionally, the MBA program established through the ÇOMÜ Industry Cooperation Protocol and master's degree support initiatives at other universities continue to thrive. To foster the professional growth of blue-collar employees, training programs designed to support Kale Group's future-readiness vision are being actively pursued.

To reinforce Kale Group's core values within the organization and help employees internalize value-driven behaviors, all staff members received the "Living and Working with Values" training throughout the year.

Incentive activities are conducted year-round to boost the utilization of Kale Campus, the Learning Management System designed to allow employees to pursue competency development at their own pace and convenience.

Under the Kale Masters Program, launched in 2022, 24 employees have begun their journeys as trainers, sharing their knowledge and experience during internal training sessions.

Internal Communication

The entry of Generation Z into the workforce has introduced new demands in internal communication processes as multiple generations work together. To meet employees' need for ongoing and effective communication, internal communication strategies have been updated to attract talent and facilitate recruitment. Initiatives across various communication channels have become vital in talent management, while social clubs have been reestablished to encourage employee interaction and support their hobbies.

Process Improvements

In alignment with strategic goals and industry developments, the sales and marketing organizational structure has been reorganized to enable a swift response to market trends. This restructuring aims to create a balanced framework for channel-customer ownership (Commercial TR and Commercial UP), product ownership (Category Marketing),

and brand-consumer-professional influencer management (Marketing).

To ensure business continuity and mitigate risks associated with workforce shortages, talent management initiatives for 2024 have been finalized. This process began with identifying critical positions, defining their technical requirements, and establishing talent categories using the 4 Box methodology. Succession plans have been developed, and both technical and competency-based development needs for these positions have been identified, leading to the creation of individual development plans.

2025 Targets

As employee expectations, needs, and motivations evolve rapidly, our human resources processes are being adapted to align with the Company's sustainable growth objectives and its transformation and growth strategies.

In 2025, the Company has planned the following activities to streamline organizational agility and competency development:

- Implementation of Agile and Lean management practices in processes and teamwork
- Initiatives to attract and retain talent, aligned with the outcomes of the talent management project
- Employer branding activities



Kaleseramik Number of Employees

White collar	512
Blue collar	2,461
Total	2,973

Distribution of Employees by Age

Age	White Collar	Blue Collar	Total
Ages between 18-20	0	25	25
Ages between 21-25	18	240	258
Ages between 26-30	78	292	370
Ages between 31-35	88	356	444
Ages between 36-40	87	498	585
Ages between 41-50	173	897	1,070
Ages between 51-60	64	148	212
Age of 60 and above	4	5	9
Total	512	2,461	2,973

Educational Status of Employees

Educational Level	White Collar	Blue Collar	Total
Undergraduate and Higher	430	59	489
Associate Degree	47	308	355
Vocational High School	4	559	563
High School	28	886	914
Primary School	3	649	652

Number of Employees by Gender

Gender	White Collar	Blue Collar	Total
Female	173	590	763
Male	339	1,871	2,210

SUSTAINABILITY APPROACH

Responsibility to create social value

The “Care for Your World” movement was launched to inspire a conscious transformation that begins with the individual and extends to society.

Kaleseramik, a part of the Kale Group’s rich heritage, approaches production and growth with a dual focus: economic gains and the responsibility to create social value. The Company seeks to expand its influence in all regions where it operates, particularly in Türkiye, by structuring its business processes to foster mutual benefits and contribute to sustainable development.

At the core of Kale Group’s corporate culture is a people-oriented approach. The Company envisions the future of production through a solution-focused and sustainable system, while carefully assessing environmental and social impacts through responsible management. In this vein, the “Care for Your World” movement was launched to inspire a conscious transformation that begins with the individual and extends to society. This initiative, inspired by global changes and their effects on people, is founded on the belief that small individual actions can lead to significant collective improvements.

In a time when global challenges and inequalities are felt more acutely than ever, Kale Group has issued a call to all its stakeholders—“Care for Your World”—to inspire positive change and encourage reflection on what can be improved in the world. “Care for Your World” encourages every individual to start with themselves—their habits, their home—and to make a meaningful difference, with a sense of care, within their own sphere of influence: at work, on their street, in their neighborhood, city, country, and ultimately, across the planet.

In 2024, Kale Group updated its Sustainability Strategy by closely monitoring emerging trends in its sectors and the broader global sustainability agenda, analyzing their implications and potential risks for its activities.

This strategy embraces a resilient management approach to address the constantly evolving global landscape and the environmental and social repercussions of the climate crisis. The Group aims to maintain its leadership in its sectors with a Sustainability Strategy focused on Cultural Transformation, Energy and Resource Management, Sustainable Business Model, and Social Good.

Cultural Transformation: Kaleseramik places a strong emphasis on the development and transformation of its employees, recognizing the importance of future-oriented business practices and innovative ways of working. The Company strives to create an inclusive workplace that supports gender equality and equal opportunity, aiming to become one of the most sought-after employers. To align with global sustainability and technological advancements, it develops training and development programs that ensure current employees are equipped with future-ready skills while attracting strategically important new talent. By adopting a resilient and agile management approach, Kaleseramik designs organizational processes that raise efficiency and effectiveness, leveraging next-generation digital tools. This dynamic model integrates impact-driven cultural transformation across all Group companies.



Energy and Resource Management: The Company carefully analyzes the environmental impacts of its operations and acts with a vision of achieving a net positive impact. Kaleseramik is committed to taking concrete steps to reduce greenhouse gas emissions and promote investments in a circular economy. The Company expands the use of renewable energy in its operations and develops projects aimed at minimizing waste and optimizing recycling throughout the value chain. By integrating circular economy principles into its business processes, Kaleseramik focuses on designing recyclable products.

The Company prioritizes the effective and efficient use of natural resources, particularly water, and implements projects that support fair procurement practices and responsible consumption. This approach aims to create a positive impact at every stage while reinforcing environmental sustainability.

Sustainable Business Model: To ensure the continuity of its business amid changing global dynamics, Kaleseramik develops a sustainable business model. Driven by its goal to grow revenues from sustainability-focused initiatives, Kale Group is investing in innovative business models that prioritize environmental and social impact. At the same time, it is advancing sustainable processes, products, and services across its operations. With a focus on research, development, and innovation, Kaleseramik creates business models centered on new technologies and promotes the development and transformation of all stakeholders by disseminating its sustainability approach throughout the value chain.

Kaleseramik strives to ensure that its sustainability strategy and business approach are embraced by all stakeholders across the supply chain. Under the “Care for Your World” initiative and sustainability strategy, the Company aims for 100% compliance from critical suppliers with environmental and social standards by 2030 and is working to systematize supplier audits accordingly.

KALESERAMİK FOCUSES ON SOCIAL PROGRAMS THAT CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT GOALS.

Each year, through supplier development and improvement processes, Kaleseramik achieves enhancements amounting to up to 2% of total procurement turnover. This is accomplished through existing supplier improvements, the identification of alternative suppliers, R&D for new products, and benchmarking supplier processes.

Social Good: Kaleseramik seeks to lead in social investments that unite Group companies around shared goals and positive outcomes. The Company focuses on social programs that align with the Sustainable Development Goals and develops initiatives like employee volunteering to amplify social benefit through strategic partnerships.

SUSTAINABILITY APPROACH

Sustainable future across the value chain

Kaleseramik aligns its sustainability strategy with Kale Group's broader objectives, consistent with all its strategic planning processes.

Through the Kale Design and Art Center, Kale Group supports emerging talents by serving as an incubation hub for social investments. Since 2017, it has backed initiatives addressing social challenges through the İbrahim Bodur Social Entrepreneurship Award Program, fostering value-sharing with the community and enhancing its brand value through collaborations.

The Kaleseramik Foundation nurtures new talent through various programs, welcoming them as potential employees and encouraging youth employment via collaborations, especially with Kale Group Human Resources. By partnering with local and international NGOs, Kaleseramik deepens communication with stakeholders and approaches social benefit holistically.

Kaleseramik aligns its sustainability strategy with the broader objectives of Kale Group, consistent with all its strategic planning processes. In developing this sustainability strategy, the Company takes into account industry realities and changing global dynamics, informed by stakeholder analyses. Its primary aim is to ensure a sustainable future throughout the entire value chain by concentrating on clearly defined sustainability priorities.

The Kaleseramik Sustainability Strategy aligns with the United Nations Sustainable Development Goals and other national and international sustainability trends. It is informed by the "Care for Your World" movement, launched in 2021, which provides a framework for Kale Group's sustainability approach. The strategy aims to create shared value in economic, social, and environmental dimensions across all areas of operation and to foster a new perspective on sustainability.



The Company identifies social, environmental, managerial, and economic priorities that maximize impact and value for Kaleseramik and its stakeholders. It actively incorporates stakeholder feedback into its strategic processes. Input from stakeholders helped pinpoint key sustainability issues relevant to Kaleseramik's operations.

In line with the four impact areas and material issues of the "Care for Your World" movement, Kaleseramik has established 2030 targets and linked its sustainability objectives, projects, and actions to the eight articles of the United Nations Sustainable Development Goals.

These are:

Cultural Transformation

- Maintain employee turnover rates for critical positions below 5%
- The turnover rate of corporate development programs
 - Ensure the turnover rate for the Castles of the Future Program does not exceed 5%
 - Keep the turnover rate for the Kalegends Program below 30%
- Increase the Digital Transformation Sustainability Index score annually

- Improve Employee Engagement Survey results to rank among the best companies in Türkiye
- Reduce the accident frequency rate by 2.5% each year and the accident severity rate by 2% each year compared to the previous year

Energy and Resource Management

- Decrease direct greenhouse gas emissions by 25% by 2030 compared to 2021
- Achieve 100% renewable electricity use by 2030
- Reduce water consumption in production by 25% by 2030 compared to 2021
- Increase the closed-loop production rate by 100% by 2030 compared to 2021

Sustainable Business Model

- Boost sustainability-oriented product and service investments by 30% by 2030 compared to 2021
- Ensure 100% compliance of critical suppliers within the supply chain with environmental and social standards by 2030
- Ensure that all electricity used is sourced from renewable energy by 2030

Social Investments

- Lead in social investments by allocating at least 0.5% of EBITDA each year to impact and community investment programs that support the Sustainable Development Goals

Kale Group aspires to be a trusted and preferred group of companies that prioritizes the future of business through innovative thinking and practices. It fosters entrepreneurship within an inclusive and dynamic framework, providing talents the opportunity to realize their full potential. It is in line with this vision that the "Castles of the Future Leader Development Program," implemented in collaboration with Sabancı EDU, focuses on developing middle management employees within Kale Group companies who are part of the talent pool. This year-long program aims to cultivate future leaders from within the organization, equipping them with competencies that meet the demands of the new era while establishing a shared language and culture.

SUSTAINABILITY APPROACH

Kale Campus Online Development Platform

To maximize the overall benefits available to employees, **the Kale Campus online training platform was launched.**

The Kalegends Young Talent Program seeks to engage young talents, training the next generation of empathetic leaders, and to build strong relationships with these individuals, while offering comprehensive development programs to ensure they have a solid foundation for their careers.

To maximize the overall benefits available to employees, the Kale Campus online training platform was launched. This platform provides employees with access to training anytime and anywhere, offering a diverse array of development resources, including interactive e-learning content, video training sessions, live virtual classes, in-person training, articles, blog posts, TED Talks, movie recommendations, and book summaries. The platform features content across various categories such as competency development, vocational and technical training, personal growth, leadership training, and legal and mandatory courses, while also tracking the performance of the training provided.

Kaleseramik has become a stakeholder in the HY South Marmara - South Marmara Hydrogen Valley Project, Türkiye's first Hydrogen Valley project. This landmark project, aimed at reducing fossil fuel use in industry and promoting the adoption of green hydrogen, has been recognized and selected for funding by the European Commission under the Horizon Europe program.

As part of the project, the Çan facilities are set to operate using green hydrogen over four years, to reduce carbon emissions by 25%. As part of its involvement in hydrogen-based combustion systems, the Company is working on partially replacing the natural gas used in kilns with hydrogen. Approved in 2023, the project intends to advance the use of hybrid fuels in the ceramic tile sintering processes, with official implementation processes currently underway.



As a milestone for green transformation in the industry, this project is expected to make substantial contributions to Türkiye's 2053 Net Zero targets. Meanwhile, the project serves as a guiding benchmark for the industry's progress in this field, while it offers a model not only for architects and engineers aiming to construct green buildings but also for anyone committed to building a sustainable future. Kaleseramik remains committed to the HY South Marmara - South Marmara Hydrogen Valley Project.

Guided by its North Star approach—rooted in the vision of redefining living spaces—Kaleseramik placed innovation at the heart of its strategy in 2024, intensifying its focus on boosting efficiency and advancing production processes. The Company accelerated cultural transformation by promoting creative thinking within the organization, strengthening stakeholder engagement, focusing on higher quality in existing products, processes, and services, and developing new offerings and business models.

In the "Climate Technologies Case Studies" conducted by the Technology Development Foundation of Türkiye (TTGV), which highlights innovative climate technology projects from Türkiye's leading industrial organizations, Kaleseramik showcased its contributions in the built environment sector. Comprehensive details about projects aimed at addressing the climate crisis, reducing emissions, improving energy efficiency, implementing circular economy practices, and fostering innovation can be found at ttgv.org.tr/yayinlar/iklim-teknolojileri-vaka-calismalari, where the study has been published.

At the ISO Green Transformation Awards organized by the Istanbul Chamber of Industry, Kaleseramik won first prize in the Environmentally Friendly Application Category for its project, "Electricity Generation and Storage from Ceramic and Piezoceramic Coating Materials." This initiative aims to contribute to carbon emission reduction targets through innovative solutions.

IN 2024, KALESERAMİK HAS PRIORITIZED EFFORTS TO ENHANCE PRODUCTION EFFICIENCY AND IMPROVE PROCESSES.

OCCUPATIONAL HEALTH AND SAFETY

We Are the Castle of Occupational Safety

As of 2024, a total of 5,724 pieces of equipment have been inspected

The Company's OHS practices adhere to the ISO 45001 Occupational Health and Safety Management System Standard, with their effectiveness assessed through regular audits. Ongoing training and awareness initiatives are conducted to prevent workplace accidents, foster a healthy working environment, and raise safety consciousness. Employee participation is encouraged in OHS processes, facilitating risk assessments and hazard analyses that inform the development of preventive measures.

To mitigate risks related to health and safety, such as diseases, injuries, and emergencies, Kaleseramik engages in continuous improvement activities. The Company tracks the advancement of its OHS performance by establishing measurable and attainable targets and refining processes through regular reviews and monitoring. Stakeholder feedback and expectations are also considered to guide these practices.

To bolster operational control and promote a safety culture among all employees, weekly internal audits are conducted. Additionally, the "Near Miss Notification Line" is utilized to promptly identify and address nonconformities and near misses at the work site.

Efforts Undertaken in 2024

In 2024, Kaleseramik focused on continuous improvement in occupational health and safety. We implemented PPE vending machines to ensure employees have quick and easy access to personal protective equipment. Additionally, automatic fire extinguishing systems are integrated into the electrical panels of control rooms to enhance fire safety. Evacuation plans were reviewed and updated in preparation for emergencies, and we increased security measures in areas with heavy vehicle traffic by installing audible and visual alert systems.

We conducted regular inspections of company equipment, totaling 5,724 inspections by the end of 2024.

To support employee health, we collaborated with the District Health Directorate to conduct cancer screenings. Female employees over 40 received mammograms and smear tests, while all employees over 45 underwent fecal occult blood tests for colon cancer screening.

To prevent musculoskeletal disorders, we continued our collaboration with a manual therapist in our factories, achieving an 80% improvement in early intervention cases, such as muscle spasms.

Occupational health and safety training at the Company aims to raise awareness and consciousness regarding workplace safety. In 2024, a total of 50,090 training hours were provided to 4,900 employees across all locations.

4,900

NUMBER OF INDIVIDUALS TRAINED IN OHS IN 2024

Kaleseramik views occupational health and safety (OHS) as a core value, striving to create safe and healthy work environments for both its employees and the wider community. With the motto "We Are the Castle of Occupational Safety," the Company prioritizes OHS at both the senior management and group levels, ensuring that human life is valued above any business goal. To this end, Kaleseramik implements comprehensive measures to provide employees with a safer workplace.

Training provided within the scope of OHS

Location	Region	Number of Training Participants	Total Training (Person x Hour)
Istanbul	Levent Head Office	105	840
Çanakkale	Çan	3,891	36,458
Çanakkale	Samedeli	650	9,120
Yozgat	Yerköy	156	2,496
Balıkesir	Bandırma	98	1,176

Planned Investments for 2025

Upcoming plans include the completion of rooftop lifeline systems, the installation of soundproof cabins for new equipment, and the rollout of a digital platform for contractor and visitor access management.



ENVIRONMENT

Pioneering steps toward environmental sustainability

The oxygen level in the kiln combustion systems was increased from 20–21% to 24–25%, resulting in a **17% reduction in natural gas consumption.**

THROUGH INVESTMENTS AND IMPROVED RECIPE DEVELOPMENT, THE RECOVERY CONTENT HAS DOUBLED OVER THE PAST THREE YEARS.

The escalating climate crisis necessitates a commitment to efficient resource utilization, a transition to renewable energy, enhanced circular economy opportunities, and the adoption of clean technologies. Kaleseramik embraces sustainability as a core business principle and is taking pioneering steps within its industry to meet these objectives.

To align with its environmental sustainability goals, the Company is actively working to reduce greenhouse gas emissions, increase the use of renewable energy, improve closed-loop production rates, and maximize resource efficiency. By 2030, Kaleseramik aims to achieve a 25% reduction in direct greenhouse gas emissions compared to 2021 levels, cut water consumption in production by 25%, and double the rate of closed-loop production. Additionally, the Company plans to source 100% of its electricity from renewable sources by 2030.

Improvements in production facilities led to the Kaleseramik facility being recognized as “Türkiye’s Most Efficient Industrial Facility” by the Ministry of Energy and Natural Resources in 2013. The transparency of production processes was raised, and all products received Environmental Product Declaration (EPD) Certificates from independent organizations. Since 2013, all ceramic products have been certified. Additionally, the Company’s ceramic coating materials achieved the “Greenguard Gold” certificate, meeting the highest indoor air quality standards. In the wall tile product group, the Company became the first ceramic manufacturer to obtain the Health Product Declaration (HPD) Certificate.

Water, Energy, and Raw Material Efficiency

In the ceramics industry, which primarily relies on local raw materials, recycling is crucial for building a sustainable future. Resource conservation significantly supports the sustainability of the country’s natural water assets, especially as water reserves become increasingly critical.

Resource efficiency is a foundational principle in all operational processes, and material-oriented recycling efforts have been intensified in production. Recent investments and developed recipes have doubled the recovery content in the last three years, significantly contributing to the conservation of natural resources.

Wastes generated at various stages of production, from raw material acquisition to maintenance and laboratory work, are classified by type, recycled, and reintroduced into production. The use of highly efficient equipment and lighting practices in production areas further reduces natural resource consumption.

Waste heat management is another important aspect of resource efficiency. The waste heat produced during manufacturing is utilized in drying processes, leading to reduced natural gas consumption. Furthermore, using waste heat in greenhouse facilities for organic agriculture supports circular economy practices.



To boost energy efficiency, Kaleseramik increased the oxygen ratio in its furnace combustion systems from 20-21% to 24-25%. This adjustment has led to a 17% reduction in natural gas consumption and a decrease in emissions across production lines.

Through its waste management practices, Kaleseramik minimizes the environmental impact of waste while contributing to the conservation of natural resources. At the same time, the Company implements various projects to reintroduce waste into the economy. As part of its 2024 social responsibility initiatives, collected blue bottle caps were donated to the Turkish Spinal Cord Paralytics Association, raising public awareness on the issue.

We Protect the Environment with Smart Products

Kaleseramik’s eco-friendly products, designed under the “Smart” philosophy, provide sustainable solutions for consumers and business partners. The “Kale Smart Flush Wall-Hung Toilet” received the prestigious ‘Golden Plumb’ Award in the Turkish construction industry for its innovative water-saving design.

Kalesinterflex utilizes environmentally friendly production technology, consuming less energy and raw materials than standard ceramic tiles, thereby reducing environmental impact. Kaleguard Defense, developed by Kaleseramik, effectively combats harmful microorganisms, including bacteria and COVID-19, elevating surface hygiene and health standards. The innovative Cura Tile series by Kale improves indoor air quality and seeks to protect user health and the natural environment, supporting environmentally sensitive industrialization and sustainable urbanization. Additionally, Thin-section Smartedge sinks conserve natural resources by saving raw materials and energy compared to traditional sink production.

Environmental Investments Planned for 2025 and Beyond

Kaleseramik is committed to reducing greenhouse gas emissions and transitioning to clean technologies and alternative energy sources while maximizing energy efficiency. The Company aims to cut direct greenhouse gas emissions by 25% by 2030 compared to 2021 levels and is researching ways to optimize energy use in its production processes and deploy new technologies.

In addressing climate change, Kaleseramik prioritizes energy savings and the shift to renewable energy sources. The goal is for 100% of electricity used by 2030 to come from renewable sources, with solar power plant investments planned for 2025-2030 and feasibility studies already underway.

To strengthen its circular economy approach and minimize environmental impacts from production processes, Kaleseramik is focused on increasing closed-loop production. Additionally, the Company is conducting technical research on reusing treated and discharged water from existing treatment plants in production to achieve a 25% reduction in water consumption, with investments planned in this area.

CORPORATE SOCIAL RESPONSIBILITY

Contributing to individuals' professional and personal development

In line with its mission to add value to society, Kaleseramik engages in social responsibility projects focused on education and employment through the Dr. (h.c) İbrahim Bodur Kaleseramik Education, Health and Social Aid Foundation (KSV). The Foundation enhances the professional and personal development of individuals and fosters social growth through various initiatives, including scholarship programs, vocational courses, industry-university collaborations, and investments in educational infrastructure.

To create a sustainable impact, KSV supports students and young professionals in their educational and career paths while promoting social good through volunteering projects, mentoring programs, and technical training. These education and employment initiatives directly contribute to the Sustainable Development Goals.

Kale Banyo Offers Clean Water Hope to One Thousand Residents in Nyoro Bamba Village

Embodying its philosophy of "Care for Your World," Kale Banyo has expanded its water well projects in Gambia, one of Africa's poorest countries, by inaugurating a new water well in Nyoro Bamba village in December. This project has provided approximately one thousand residents with access to clean water.

Kale Banyo's "Water for Life, Goodness for the World" movement has now reached its ninth location in Gambia. By spearheading sustainable and socially beneficial projects, Kale Banyo continues to extend this movement to various regions within the country. The new water well, developed in collaboration with the Sen De Gel Association, significantly improves the quality of life for residents by facilitating their access to clean water.

IBSG Community Support Program Concludes with "We Find Hope in Remembering" Event

The IBSG Community Support Program was initiated as a grant program for winners and finalists of the IBSG Program Awards. A total of TL 2 million in grant support was allocated to initiatives from the IBSG community, aimed at developing sustainable solutions to the complex challenges posed by the earthquake that struck 11 provinces, centered in Kahramanmaraş, on February 6.

Initiatives Supported:

- Erişilebilir Her Şey
- Anlatan Eller
- Tospaa
- Blindlook
- Roof Coliving
- Microfon
- Joon & This is Mana



32.5%
2024 APPLICATION GROWTH RATE FOR THE İBRAHİM BODUR SOCIAL ENTREPRENEURSHIP PROGRAM

The first phase of the program began with the "Value to Life" ecosystem meeting on June 8, 2023, and concluded with the closing event, "We Find Hope in Remembering," on February 1, 2024. The program's outcomes were documented in the report titled "We Find Hope in Remembering: Post-Disaster Studies Report."

İbrahim Bodur Social Entrepreneurship Program

The İbrahim Bodur Social Entrepreneurship Program Awards recognize social enterprises, impact-driven initiatives, and entrepreneurial candidates across Early Stage, Collaboration, Advanced Stage, and Youth categories, without restrictions related to sustainable development goals. Additionally, the program has provided support for the capacity building and financial needs of finalists and winning initiatives throughout their entrepreneurial journeys. In this context, the 8th Anniversary Awards took place in 2024.

This year, a total of 316 applications were received, marking a 32.5% increase from the previous year and the second-highest application volume in the program's history. After the selection committee's evaluation meeting, four startups and entrepreneurs were awarded the IBSG award in the Early Stage, Advanced Stage, Youth, and Collaboration categories during the award ceremony.

Initiative	Category	Status	Award
Blueit	Advanced	Winner	TL 250,000
Harcy	Early	Winner	TL 250,000
Moritoyo	Collaboration	Winner	TL 250,000
Overcamp	Youth	Winner	TL 50,000



CORPORATE SOCIAL RESPONSIBILITY

Applications for the Mentorship Program are now open

SCHOLARSHIP PROGRAMS

Beneficiary Development Program

The Dr. (h.c) İbrahim Bodur Kaleseramik Education, Health and Social Aid Foundation (KSV) launched the Beneficiary Development Program to provide financial support to its beneficiaries while also fostering their social and professional growth. To achieve this, the Foundation partnered with LifeClub to promote the well-being of young people. Over a year, 135 scholarship recipients in third grade and above benefited from mobile access to programs featuring psychologists, dietitians, and sports activities.

“You at the Beginning of Your Path, KSV by Your Side” was a Mentorship Program introduced to guide scholarship recipients on their career journeys. A mentor pool was established, including Kale Group employees, social entrepreneurs from the İbrahim Bodur Social Entrepreneurship Program ecosystem, and professionals from various industries. This initiative matched 44 mentors with 44 mentees, initiating the mentoring process.

Volunteering Activities

During the Istanbul Marathon on November 3rd, scholarship recipients and Kale Volunteers participated to support the Community Volunteers Foundation, raising a total of TL 1,062,326.

Additionally, through the AbilityPool platform, 67 KSV scholarship recipients actively engaged in 128 social responsibility projects, contributing a combined total of 70 hours of volunteering.

Vocational Training Courses

Completed/Ongoing Vocational Training Courses

- The Ceramic Tile Coating Vocational Training Course for students at Perre Vocational and Technical Anatolian High School in Adiyaman began on November 6, 2023, and concluded on January 19, 2024. 21 students successfully graduated from the course.
- A similar Ceramic Tile Coating Vocational Training Course for students at Üçoklar Vocational and Technical Anatolian High School in Gaziantep started on November 8, 2023, and was completed on March 1, 2024, with 20 students successfully graduating.

- The Construction Painting Vocational Training Course was held at Adiyaman Perre Vocational and Technical Anatolian High School from July 1 to August 30, 2024. Over 176 hours (22 days) of training, 20 trainees—comprising 5 civilians and 15 students from the Vocational Training Center (MESEM)—received comprehensive instruction in construction painting. MESEM students gained practical experience through fieldwork while continuing their training one day a week. As part of the course, paint applications were performed at village schools in need, including Adiyaman Central Yenigüven Primary School and Kindergarten, Zey Secondary School, and Yukarıkuşakkaya Secondary School and Kindergarten. Kalekim supplied all necessary hand tools, equipment, trainee clothing, and surface preparation products for the paint applications. After the course, all participants received certificates of participation signed by the General Managers of the Foundation, Kalekim, and Kaleseramik.

Work in the Earthquake-Affected Region

As part of the support activities for the earthquake-affected region, the delivery of containers from the US-based Mars Company to AFAD has been completed. Additionally, clothing containers from Germany were received, and delivery reports were prepared and submitted to the relevant institutions.

On-site assessments were conducted for the containers allocated by KSV to Hatay, Kahramanmaraş, Adiyaman, and Malatya. A comprehensive report on their current condition was prepared and submitted. Furthermore, the final status of the containers, washing machines, and dryers delivered to the Hatay Governorship was also examined on-site.

Training Courses at Istanbul University

Since 2014, the Building Materials Marketing Vocational School students has been completed as of January 4, 2024. A total of 231 students participated in the courses offered over 10 semesters from 2014 to 2024.

Term	Number of Students
2014-15	15
2015-16	17
2016-17	30
2017-18	46
2018-19	25
2019-20	33
2020-21	20
2021-22	16
2022-23	15
2023-24	14



SUBSIDIARY REPORT

As per the 199th article of the Turkish Commercial Code No. 6102 that entered into force on July 1, 2012, the board of directors of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. is obliged to prepare a report within the first three months of the activity year on the company's relations with its controlling shareholders and companies affiliated with controlling shareholders in the previous activity year and to include the conclusion part of this report in the annual report.

Necessary explanations regarding the transactions carried out by Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. with related parties are provided in Footnote 6 of the financial report.

In the Report prepared by the Board of Directors of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. dated February 28, 2025, it was stated that "in the 2024 activity year, our Company had no legal transactions made for the benefit of either the controlling shareholder H. İbrahim Bodur Holding A.Ş./ controlling entity, or the subsidiaries of the controlling shareholder H. İbrahim Bodur Holding A.Ş./ controlling entity, or for the benefit of the controlling shareholder/controlling entity or its subsidiaries under the direction of the controlling shareholder H. İbrahim Bodur Holding A.Ş. / controlling entity, or had no precautions taken or avoided being taken for the benefit of the controlling shareholder H. İbrahim Bodur Holding A.Ş./ controlling entity or its subsidiaries. In the 2024 activity year, all service and/or merchandise business transactions performed within the scope of commercial activities between our controlling shareholder/controlling entity as well as the subsidiaries of our controlling shareholder/controlling entity and our Company were carried out at arm's length."

FINANCIAL RIGHTS GRANTED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Pursuant to the Capital Markets Board regulations, the Company's "Remuneration Policy," which includes all kinds of rights, benefits, and remuneration provided to the members of the Board of Directors and senior executives, as well as the criteria used in their determination, was adopted by the Company's Board of Directors with the decision dated 06.03.2023 and numbered 1789, and following its announcement on the Company's corporate website, it was disclosed to the shareholders with a separate agenda item at the Extraordinary General Assembly meeting dated 10.03.2023 and the shareholders were allowed to express their opinions.

The Members of the Board of Directors of the Company are paid a membership fee in an amount determined by the General Assembly every year, for the remuneration of the independent Members of the Board of Directors, care is taken to ensure that the fee is at a level that protects the independence of the members, and the sum of payments made to the Members of the Board of Directors and Senior Executives within the framework of the Remuneration Policy is evaluated by the Corporate Governance Committee and the Board of Directors every year.

In the footnotes of the financial statements, payments made to the Members of the Board of Directors and senior executives are disclosed to the public collectively in parallel with general practices.

There are no practices that will lead to conflicts of interest such as lending to the Members of the Board of Directors and senior executives, extending loans, and giving guarantees in their favor by the Company.

Share options or payment plans based on the Company's performance are not used for the remuneration of independent members of the Board of Directors, no dividend payments are made.

For the 12-month period ended December 31, 2024, the total amount of benefits provided to the members of the Board of Directors and senior management is 58,991,200. (January 1 - December 31, 2023: TL 65,362,222).

INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES

The purpose of internal audit activities is to examine internal control processes to enhance the effectiveness and efficiency of business operations, ensure the protection of tangible and intangible assets, ensure compliance with internal and external regulations, and support the timely implementation of corrective actions.

Communication with functions is maintained at the highest level in internal audit activities and it is aimed to increase management effectiveness with risk-oriented internal audit activities.

The Company's internal audit activities are carried out by the Kale Holding Internal Audit Department, operating under the Board of Directors of Kale Holding.

Compliance of the Internal Audit Department's activities with the International Internal Audit Standards in line with the criteria of the International Institute of Internal Auditors (IIA) has been documented as a result of the Quality Assurance Assessment (QAR) studies conducted by KPMG in 2020 and the document is still valid.

The 2024 audit program was developed based on a risk-focused audit plan. In addition to criteria such as risk levels of previous audit reports, completion rates of follow-up actions, audit frequency, significant organizational/systemic changes, the opinions of the CEO, Audit Committee, Strategy/Risk Department (Economic, Political, and Corporate Risks) were also taken into consideration in this study.

Within the scope of the 2024 audit plan, audits and examinations were carried out in accordance with the annual audit plan, particularly process evaluation audits of subsidiary companies, procurement processes, receivables management, production planning and inventory management processes. In addition, new scenario analysis and data analysis projects were initiated in 2024 as part of the continuous audit approach.

In 2024, in addition to the planned audit activities, the completion status of the previous period findings noted in the audits carried out in the previous period were monitored through on-site inspections.

Kale Holding's Internal Audit Department submits reports to the Audit Committee at the end of each quarter on audit activities and areas of improvement.

The Audit Committee is composed of three Independent Members of the Board of Directors of the Company, closely monitors the internal audit works carried out, and provides the necessary guidance.

INFORMATION ON RISK MANAGEMENT PRACTICES

Risk Management and Risk Management Committee Studies

As Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş., in order to ensure compliance with Article 378 of the Turkish Commercial Code No. 6102 and the CMB's Corporate Governance Communiqué and to ensure the effective functioning of the committees within the Board of Directors, the Early Detection of Risk Committee carries out its activities for the early detection of risks that may jeopardize the existence, development and continuity of the Company, taking the necessary actions regarding the risks identified and managing the risks.

The committee consists of five Board Members, and the Chairman of the Committee is elected from among the Independent Board Members. The Early Detection of Risk Committee advises the Board of Directors on the early detection and evaluation of risks that may affect the Company, calculating their impacts and possibilities, managing and reporting these risks in accordance with the Company's corporate risk appetite, and taking necessary measures to reduce the impacts and possibilities of the identified risks. In this context, the Early Detection of Risk Committee held five meetings in 2024. The Committee convenes with the participation of all members and decisions are taken with the majority of the members attending the meeting. The resolutions of the Committee are advisory to the Board of Directors.

The General Manager of Kaleseramik is responsible for the implementation of the corporate risk management process and corporate risk management at the highest level on behalf of the Board of Directors within the Company. The Strategic Planning Director is responsible for the execution of all activities in the corporate risk management process throughout the Company and ensures the management, coordination, and oversight of financial, strategic, operational, compliance, and external risks that may affect the Company through the risk management system established.

Responsible persons are identified for each corporate risk, and they carry out all work related to risks. The corporate risk officers are responsible for taking the necessary precautions against the risks, determining the actions, operating the early warning mechanism, and ensuring that urgent actions are taken by notifying the Strategic Planning Director when an unforeseen new risk arises. Also, in principle, all Kaleseramik employees are responsible for anticipating and evaluating the risks inherent in their work, acting as required by the job and in such a way as to protect the Company's interests.

Kaleseramik's main objective in risk management is to anticipate, manage, and monitor potential risks that may affect the Company's stakeholders, especially shareholders, in line with its strategies and objectives, and to ensure that necessary actions are taken in advance in terms of risk and crisis management.

Corporate Risk Management

Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. takes into account global risks and sectoral and industrial risks in the world to achieve its strategic goals and ensure the Company's long-term sustainability and implements the risk management process by taking into account the best practices at the global level.

To ensure economic, environmental, and social sustainability, as required by the Kaleseramik Risk Management Policy, Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş.;

- Identifies corporate and process risks that may hinder the achievement of strategic and operational objectives.
- Assesses the risks it has identified and takes necessary actions in line with its needs.
- Acts in accordance with relevant standards and legislation while managing its risks.

Impact and probability analyses of corporate risks are conducted and their degrees are established and prioritized in line with the determined five-point scales. In this way, it is determined which risks should be focused on, risk management is applied at every level of function and operations, and it is ensured that the senior management is intertwined with the decision-making mechanisms. In particular, the risk response of high and very high risks is determined and the actions mitigating the impact and probability of the risk are defined. During the year, corporate risks are constantly reviewed by the relevant risk officers, and actions are put into practice by the action owners. The evaluations regarding the material risks and the important actions taken are followed up by the senior management. All activities related to risk management and risks are periodically reported to the Early Detection of Risk Committee.

The risks that are specifically monitored within the Corporate Risk Management process and the practices addressed in 2024 are summarized below.

Outstanding Risks in the World and Kaleseramik

Kaleseramik conducts a study at the beginning of each year to determine the corporate risks for the new period and adds the risks that it is/may be exposed to during its activities during the year to its list and works to address them. Emerging risks are proactively monitored and their potential impact on the Company in the long term is assessed. All work carried out in the process is shared with both the Board of Directors and the Early Detection of Risk Committee, and their opinions and suggestions are also received. While determining the risks, it examines technological, environmental, social, geopolitical, and economic dimensions and carries out action studies to prepare the Company for the risks that may occur in these areas. It identifies the risks that will prevent the realization of its strategies and carries out the activities to take the necessary actions and manage the risks.

During the relevant period, the negative effects of the crisis situation in Türkiye and the sector in which Kaleseramik operates were monitored as the most important risk agenda, and great efforts were made to take actions to mitigate the impact of this risk. It has worked to take measures to ensure that the effects of the risk do not harm the company's ability to remain sustainable.

Kaleseramik conducts its activities by supporting the sustainable development of society and prioritizing the needs of future generations, while also paying attention to environmental and social sustainability risks. In this context, it conducts comprehensive studies on issues such as climate change, employee engagement, and development, and simultaneously manages risks and mitigating actions. Kaleseramik continues its efforts to raise the level of awareness in the Company and society on this issue through the Sustainability Committee. Risk inventories are created by paying attention to the global agenda, climate change, and sustainability priorities and taking into account environmental impacts, proper use of resources, occupational health and safety, sales, productivity, revenue generation capacity, profitability, indebtedness, and all future expectations.

Receivables Risks and Financial Risks

The receivables risks of Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. are managed by the Receivables Risk Committee. The Company's sales reach customers through the dealer channel, its commercial relations are with the dealers, and the dealer receivables are guaranteed with the collaterals taken. Monthly consolidated receivables risks are reported to the committees consisting of the Company's senior management, and the risks monitored within the framework of the determined methodology are evaluated and approved by the relevant committees. To support the comprehensive analysis of receivables risks, risk scores are calculated on a customer basis and the entire process can be monitored in a consolidated manner in the ERP environment.

However, short-term liquidity management is carried out with the alignment of receivable and debt maturities and effective stock management, and a calculated cash level is maintained to eliminate any risk factor in the balance sheet.

OTHER EXPLANATIONS

IMPORTANT REGULATORY CHANGES IN 2024

There is no information on legislative amendments which can have a significant impact on the Company's activities.

REPURCHASED OWN SHARES BY THE COMPANY

The Company does not have a share repurchase program.

INFORMATION ABOUT THE LAWSUITS FILED AGAINST THE COMPANY, THAT MIGHT HAVE IMPACTS ON THE FINANCIAL STATUS AND ACTIVITIES OF THE COMPANY; AND POTENTIAL OUTCOMES THEREOF

There are no lawsuits filed against the Company, which could affect its financial situation and activities.

EXPLANATIONS REGARDING THE ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE COMPANY AND THE MEMBERS OF THE BOARD DUE TO BREACH OF LEGISLATION

There are no administrative or legal sanctions imposed on the Company or its executives due to actions in violation of the law.

EXPLANATIONS ON AD HOC AND PUBLIC AUDITS DURING 2024

The Company has not been subject to any private and public audits in 2024.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

The shares of our Company started to be traded on the Stars Market of Borsa Istanbul as of July 27, 2023. As of this date, the Company has been subject to the obligations of the third group companies in accordance with the CMB Corporate Governance Communiqué, taking into account the market values and the market values of the shares in actual circulation, due to the initial public offering of its shares and the commencement of trading on the stock exchange.

Following the end of the 2023 accounting period, within the framework of the CMB's determination of the groups in which the companies are included for the year 2024, within the scope of Group 1, to which our Company belongs, within the framework of the mandatory corporate governance principles, an application was made to the CMB regarding the suitability of the independent candidates for the Board of Directors with the decision of the Board of Directors dated 30.04.2024 and numbered 1947, and no negative opinion was reported from the CMB for the independent candidates.

At the ordinary general assembly meeting of the Company dated 10.06.2024, 4 independent members of the board of directors were elected to the board of directors, which consists of 9 members within the framework of the provisions of the articles of association, for a term of office of 1 year, who fulfill all the independence criteria in accordance with the capital markets legislation and who submitted their declarations of independence.

With the awareness of its responsibilities towards shareholders, the Company has adopted the concepts of "equality," "transparency," "accountability," and "responsibility," which are the basis of corporate governance, in its activities, and the Company believes in the importance of full compliance with the Corporate Governance Principles within the framework of the provisions of the articles of association.

In 2024, activities in terms of Corporate Governance were carried out in accordance with the Capital Markets Law, which includes the CMB's regulations on corporate governance principles, and the communiqués prepared based on this Law.

In this context, in the annual report 2024, the issues that have been complied with as regards the principles in the

Sustainability Principles Compliance Framework, which was put into effect with the amendment made to the CMB Corporate Governance Communiqué, have been comprehensively explained, and the assessments for the principles that have not yet been fully complied with are included in the Statement of Compliance with Sustainability Principles.

During the year, the Company's website and annual report were reviewed and necessary revisions were made to achieve full compliance with the principles. In 2024, the English version of the investor relations website was prepared and launched. Disclosures made through PDP are also published in English as of the beginning of 2024.

As we announced to the public with our material event disclosure dated 27.01.2025, our Company has signed a contract valid for one year with Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate), which has an operating license to perform rating in accordance with the CMB Corporate Governance Principles, for the evaluation of the degree of compliance with Corporate Governance Principles by independent institutions.

Although full compliance with the corporate governance principles, which are not mandatory by the relevant legislation, is also aimed at, we have not yet fully complied with some of the voluntary principles below, about which there is no conflict of interest between the stakeholders in the current situation regarding the corporate governance principles, which cannot be fully complied with.

With respect to principle no. 1.3.10, the General Assembly agenda includes a separate item for informing shareholders about donations and grants. The total amount of donations and grants is disclosed and detailed information on the amount of donations and beneficiaries is provided upon request of the shareholders at the General Assembly.

With respect to principle no. 1.5.2, the scope of minority rights has not been expanded in the Articles of Association, the general provisions provided for in the relevant legislation apply, and no amendments to the Articles of Association are planned in this regard.

About principles 3.3.5 and 3.3.8, necessary information mechanisms have been established within the company for the employees and there is no union organization in the company.

About principle no. 4.2.8., the efforts related to executive professional liability insurance are ongoing and are being evaluated by the Company.

With respect to principle no. 4.4.7., the Board members are not prohibited from taking other positions outside the company. It is not planned to impose any restrictions on this issue. The duties assumed by the board members outside the company are included in the annual reports.

With respect to principle 4.5.5., due to the number of Board members and committee structuring requirements, two independent Board members serve on more than one committee. Considering the number of independent members of the Board of Directors, no changes in the current situation are planned.

With respect to principle 4.6.1., no work has been carried out regarding the performance evaluation of the Board of Directors.

With respect to principle no. 4.6.5., in line with the general practices, the fees paid to the members of the board of directors and the managers with administrative responsibility are disclosed collectively in the annual report.

We will continue our work for better operation of the organization's corporate governance mechanisms in the future within the framework of the mentioned principles and for the development of corporate governance practices, including the limited number of voluntary principles that could not be put into practice yet.

Our Company's Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) for the year 2024, prepared in accordance with the new reporting formats of our Company prepared in accordance with the CMB's Decision No. 2/49 dated 10.01.2019, were also disclosed to the public on the corporate website of the Public Disclosure Platform (KAP) (www.kap.gov.tr) within the period deemed appropriate by the CMB.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no such transaction notification.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The General Assembly agenda includes a separate item for informing shareholders about donations and grants. The total amount of donations and grants is disclosed and detailed information on the amount of donations and beneficiaries is provided upon request of the shareholders at the General Assembly.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The company does not have any cross-shareholding relationship that brings with it a controlling relationship.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The scope of minority rights has not been expanded in the Articles of Association and the general provisions stipulated in the relevant legislation apply. No amendment to the Articles of Association is planned in this regard.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	It has not yet been implemented.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares of real person shareholders owning more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				Necessary communication mechanisms for employees have been established within the Company. On the other hand, there is no union organization or syndication.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.					X	There is no collective labor agreement in the Company. On the other hand, there are no prohibitive regulations on the aforementioned issues.
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategic targets, ensured resources were adequately allocated, and monitored company and management performance.	X					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The efforts related to executive professional liability insurance are ongoing and are being evaluated by the Company.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	All board members physically attended the meetings.
4.4.4 - Each member of the board has one vote.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Assembly Meeting.			X			Members of the Board of Directors are not restricted from assuming other duties outside the Company. It is not planned to impose any restrictions on this issue. The external duties of board members are disclosed in the annual reports.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the number of members of the Board of Directors and the committee structuring requirements, two independent members of the Board of Directors serve on more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There is no consultancy service received in this regard.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			No work is planned on the performance evaluation at the Board level.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			In line with the general practices, the fees paid to the members of the Board of Directors and the managers with administrative responsibility are disclosed collectively in the annual report.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	None.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No special auditor was requested.
The number of special audit requests that were accepted at the General Shareholders' Meeting	No special auditor was requested at the general assembly.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1287244
Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	Yes, it has been presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction available.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction available.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction available.
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Policies / Donation and Aid Policy https://www.kale.com.tr/bagis-ve-yardim-politikasi
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/1172846
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 11
Information regarding the stakeholders who attend general assemblies	The 2023 Ordinary General Assembly Meeting held on June 10, 2024 was attended by the members of the Board of Directors, shareholders, the Responsible Auditor of the Independent Audit Company and Company employees.
1.4. Voting Rights	
Whether there are any privileged voting rights	No
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	-
Shareholding rate of the majority shareholder	61.23%
1.5. Minority Rights	
Whether the scope of minority rights is expanded (in terms of content or percentage) in the Articles of the Association	No
If yes, specify the relevant provision of the articles of association	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Policies / Dividend Distribution Policy https://www.kale.com.tr/kar-dagitim-politikasi
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Dividends have been distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Dividends have been distributed.

General Assembly Meetings									
General Assembly Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the general assembly meeting	Percentage of shares directly present	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The PDP link of the general assembly notification
10.06.2024	0	79.40%	1.56%	77.84%	https://www.kale.com.tr/genel-kurul	https://www.kale.com.tr/genel-kurul	-	0	https://www.kap.org.tr/tr/Bildirim/1297506

2. PUBLIC DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	www.kale.com.tr/yatirimci-iliskileri
The heading of the section on the corporate website that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	https://www.kale.com.tr/ortaklik-yapisi
Languages in which the corporate website is presented	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board Committees and Evaluation of the Board of Directors, Declarations of Independence of Independent Board Member Candidates
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	Board Committees and Evaluation of the Board of Directors
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	Board Committees and Evaluation of the Board of Directors
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Corporate Governance / Other Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance / Other Disclosures
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	There is no such situation.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such situation.
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	Human Resources, Corporate Social Responsibility Projects
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The heading of the section on the corporate website that includes the policy on compensation	Investor Relations/Policies
The number of final court verdicts against the Company that result from violation of employee rights	0
The title of the individual in charge of the whistleblowing programme	Notifications received through Kale Group Ethics Line Communication Channels are evaluated according to confidentiality principles and evaluated by Kale Group Ethics Committee.
Contact information of the Company's mechanism to report	https://www.kale.com.tr/etik-hat etikhat@kale.com.tr +90 (212) 3715450

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	-
Corporate bodies where employees are represented	In our company, our colleagues participate in management through various methods and share their opinions. With the Employee Loyalty Survey conducted every year, the opinions of each colleague are obtained anonymously in the form of questionnaires and open-ended answers.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Talent categories and succession plans for manager and above positions are submitted to the approval of the Company's Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	https://www.kale.com.tr/int-en/human-resources
Whether the company provides an employee stock ownership programme	There is no share acquisition plan.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also, provide a summary of relevant parts of the human resource policy.	There is a Code of Ethics Regulation determined by Kale Holding to be applied for all Group companies and published on the Company website. https://www.kale.com.tr/etik-kodlar-yonetmeligi
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The heading of the section on the corporate website that includes the policy on ethical principles	There is a Code of Ethics Regulation determined by Kale Holding to be applied for all Group companies and published on the Company website. https://www.kale.com.tr/etik-kodlar-yonetmeligi
The name of the section on the company website that demonstrates the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	https://www.kale.com.tr/surdurulebilirlik
Any measures combatting any kind of corruption including embezzlement and bribery	All necessary obligations are fulfilled in this regard. Within the scope of the Holding group companies' audit activities, preventive and deterrent audits are carried out, helping to strengthen internal control awareness and measures.
4. BOARD OF DIRECTORS - I	
Principles of Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No
Whether all board members were released for their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no delegation of authority among the members of the board of directors.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Audit and Internal Control Activities
Name of the Chair	Zeynep Bodur Okyay
Name of the CEO	Timur Karaoğlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during their duties is insured for an amount exceeding 25% of the company's capital	None.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.kale.com.tr/cesitlilik-ve-kapsayicilik-politikasi
The number and ratio of woman directors within the Board of Directors	4 (44%)

STRUCTURE OF THE BOARD OF DIRECTORS							
Name / Surname of the Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/ He Is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years of Experience on Audit, Accounting and/or Finance or Not
Zeynep BODUR OKYAY	Executive	Not Independent Member	10.03.2023	-	Not Applicable	-	-
Cengiz SOLAKOĞLU	Non-executive	Independent Member	10.03.2023	https://www.kap.org.tr/tr/Bildirim/1287244	Considered	No	Yes
Kadri Tank ÖZÇELİK	Executive	Not Independent Member	10.03.2023	-	Not Applicable	-	-
Haluk ALPERAT	Executive	Not Independent Member	10.03.2023	-	Not Applicable	-	Yes
Osman OKYAY	Executive	Not Independent Member	10.03.2023	-	Not Applicable	-	-
Adile Esra TÖZGE	Non-executive	Not Independent Member	10.03.2023	-	Not Applicable	-	-
Fahri Okan BÖKE	Non-executive	Independent Member	10.03.2023	https://www.kap.org.tr/tr/Bildirim/1287244	Considered	No	Yes
Arzu ERDEM	Non-executive	Independent Member	10.06.2024	https://www.kap.org.tr/tr/Bildirim/1287244	Considered	No	-
Şerife Ebru Doğruol AYGİL	Non-executive	Independent Member	10.06.2024	https://www.kap.org.tr/tr/Bildirim/1287244	Considered	No	-

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	Physically, 6 Board meetings were held.
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Although there is no written rule, in practice, information and documents related to the issues on the agenda of the Board of Directors meeting are made available to the members of the Board of Directors for review sufficiently in advance of the meeting in order to ensure equal flow of information.
The name of the section on the corporate website that demonstrates information about the board charter	None.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Board Committees and Evaluation of the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1172846

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT AND INFORMATION FORM

Composition of Board Committees - I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Cengiz SOLAKOĞLU	Yes	Member of the Board of Directors
Audit Committee	-	Fahri Okan BÖKE	No	Member of the Board of Directors
Audit Committee	-	Arzu ERDEM	No	Member of the Board of Directors
Corporate Governance Committee	-	Arzu ERDEM	Yes	Member of the Board of Directors
Corporate Governance Committee	-	Şerife Ebru Doğruol AYGİL	No	Member of the Board of Directors
Corporate Governance Committee	-	Adile Esra TÖZGE	No	Member of the Board of Directors
Corporate Governance Committee	-	Veli ÖMERCİK	No	Not Board Member
Corporate Governance Committee	-	Orkun İNANBİL	No	Not Board Member
Early Detection of Risk Committee	-	Fahri Okan BÖKE	Yes	Member of the Board of Directors
Early Detection of Risk Committee	-	Cengiz SOLAKOĞLU	No	Member of the Board of Directors
Early Detection of Risk Committee	-	Şerife Ebru Doğruol AYGİL	No	Member of the Board of Directors
Early Detection of Risk Committee	-	Adile Esra TÖZGE	No	Member of the Board of Directors
Early Detection of Risk Committee	-	Abdullah ÇEREKÇİ	No	Not Board Member

4. BOARD OF DIRECTORS-III	
4.5. Committees Established under the Board of Directors-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board Committees and Evaluation of the Board of Directors https://www.kale.com.tr/komiteleler
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board Committees and Evaluation of the Board of Directors https://www.kale.com.tr/komiteleler
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Nomination Committee are carried out by the Corporate Governance Committee.
Specify where the activities of the risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board Committees and Evaluation of the Board of Directors https://www.kale.com.tr/komiteleler
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Report of the Board of Directors and Message from the Chairman & Message from the General Manager
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Policies / Remuneration Policy https://www.kale.com.tr/ucretlendirme-politikasi
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Financial Rights Granted to the Members of the Board of Directors and Senior Executives

Composition of Board Committees-II					
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Percentage of Non-executive Directors	Percentage of Independent Directors in the Committee	Number of Meetings Held in Person	Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	100%	40%	2	1
Early Detection of Risk Committee	-	80%	60%	5	5

STATEMENT OF COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

With the third sustainability report to be published in 2025, Kaleseramik plans to detail the progress of the Company's sustainability journey and strengthen its future steps.

Kaleseramik continues its activities by embracing and monitoring good practices in terms of sustainability, including those specified in the Capital Markets Board (CMB) Sustainability Principles Compliance Framework. The majority of the principles and good practices specified in the "Sustainability Principles Compliance Framework" put into effect by the Capital Markets Board (CMB) are currently managed by Kaleseramik, and the performance related to the subject is regularly reviewed and evaluated, and remedial actions are implemented.

Considering it in this context, Kaleseramik has achieved compliance with almost all of the principles specified in the non-mandatory "Sustainability Principles Compliance Framework" prepared by the CMB with the "comply or explain" approach. Practices regarding the principles within the scope of the CMB's Sustainability Principles Compliance Framework are submitted to the evaluation of stakeholders by referring to the "Sustainability" section of the 2024 Kaleseramik Annual Report, the 2023 Sustainability Report, as well as Kaleseramik's corporate web pages.

The explanations regarding the principles to be improved within the scope of the shared information are as follows:

With respect to principle B.19, investment feasibility studies are ongoing in line with our renewable energy targets.

With respect to principles B.23 and B.24, internal carbon pricing studies have not yet started. There are no carbon credits accumulated/purchased.

Regarding principle C2.5, an application has been made to be included in the Borsa Istanbul sustainability index and is expected to be announced in the first semester of 2025.

The Sustainability Principles Compliance Report, which was prepared in accordance with the formats specified by the CMB's decision dated 23.06.2022 and numbered 34/977 and approved by the Company's Board of Directors, is attached to the annual report, and the relevant documents are also available on the page of the Company on the Public Disclosure Platform.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
Sustainability Compliance Report						
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Targets						
A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	x				Kaleseramik manages its sustainability efforts through the sustainability committee led by the General Manager and based on the Kale Holding approach. Material environmental, social and corporate governance (ESG) issues, risks and opportunities were identified. This information is provided in the Corporate Governance section of the 2023 Sustainability Report.	Annual Report 2024, Sustainability section Sustainability Report 2023
A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	x				Kaleseramik addresses the issue with an integrated management systems approach and the relevant policies are available on its website. https://cdn.kale.com.tr/pol_gen_eyes_kaleseramikpolitikasi.pdf	www.kale.com.tr/politikalar https://catalog.kale.com.tr/en/kale?gl=1*1oj2fg*_gcl_au*MjEwNjE5MDg5OC4xNzU2MjE5NjEx
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	x				ESG targets have been set and included in the Sustainability Reports for 2022 and 2023.	Annual Report 2024 Sustainability Report 2023

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A2. Implementation/ Monitoring						
A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	x				A governance mechanism has been established to ensure that the sustainability perspective is adopted by all Group companies and stakeholders and that progress is made in line with the targets. This governance mechanism consists of the Group Sustainability Committee, Sustainability Manager, Group Human Resources Director, Corporate Communications and Impact Investments Director, Thematic Working Groups, Kaleseramik Sustainability Committee, Kaleseramik Sustainability Leaders, Kaleseramik Sustainability Working Groups, Kale Seramik Vakfı KSV, İbrahim Bodur Social Entrepreneurship İBSG, Kale Design and Art Center KTSM, Kale Volunteers Platform. This information is provided in the Corporate Governance section of the 2022 and 2023 Sustainability Report.	Sustainability Report 2023 Annual Report 2024, Sustainability
A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	x				In strategic plan evaluation meetings, the sustainability agenda is included under corporate governance.	
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	x				The material issues and action plans prepared in this context will also be included in the Sustainability Report planned to be published in 2024.	Sustainability Report 2023
A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	x				ESG is reviewed annually by monitoring key performance indicators.	Sustainability Report 2023

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	x				R&D and innovation activities are included in the annual report.	Annual Report 2024, R&D activities
A3. Reporting						
A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	x				Information on sustainability performance, targets and actions are included.	Annual Report 2024
A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	x				The United Nations 2030 Sustainability Development Goals, to which Kaleseramik contributes, are included in the 2023 Sustainability Report and the Annual Report 2024.	Sustainability Report 2023, Annual Report 2024
A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.			x		No such legal process exists.	
A4. Verification						
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.			x		There is no independent third party verification.	
B. ENVIRONMENTAL PRINCIPLES						
B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	x				Kaleseramik has an ISO 14001 Environmental Management System.	Sustainability Report 2023, Annual Report 2024
B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	x				Sustainability Report 2024	

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	x				A sustainability index that includes sustainability targets in the Kaleseramik balanced scorecard has been created. In addition, environmental targets are included in process performance indicators. Relevant performance indicators are associated with employees' individual target cards.	Annual Report 2024
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	x				Prioritized environmental issues are integrated into business objectives and strategies.	Sustainability Report 2023, Annual Report 2024
B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	x				Supplier management and Customer orientation are among the material sustainability issues.	Sustainability Report 2022, 2023/Material Issues, Annual Report 2023/Sustainability Section
B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	x				Within the scope of management systems, internal and external audits (internal audits, field audits, TSE audits, Ministry's and Provincial Directorates' audits, etc.) are carried out regularly at all locations and the functioning of the system is controlled.	Sustainability Report 2023, Annual Report 2024
B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.	x				Greenhouse gas emission reports are prepared at 3 locations and verified by verification bodies. Data on environmental issues such as scope-1 and scope-2 emissions, energy, water and waste management are monitored.	Sustainability Report 2023
B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed	x				Greenhouse Gas Protocol (GHG) was used as the calculation methodology.	Sustainability Report 2023

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	x					Sustainability Report 2023
B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	x					Sustainability Report 2023, Annual Report 2024
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	x					Sustainability Report 2023, Annual Report 2024
B14. The programs/ procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	x					Sustainability Report 2023, Annual Report 2024, Sustainability section, R&D Activities
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.	x				Efforts are carried out to monitor and reduce scope 3 emissions for the transportation of inputs and products supplied.	Sustainability Report 2023
B15. The environmental benefits/gains and cost savings of initiatives/ projects that aims reducing environmental impacts have been disclosed.	x					Sustainability Report 2023, Annual Report 2024
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	x					Sustainability Report 2023
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	x					Sustainability Report 2023
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	x					Sustainability Report 2023, Annual Report 2024, Sustainability section

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B19. The renewable energy production and usage data has been publicly disclosed.			x		There is no use of renewable energy. Renewable energy investments are in the planning stage and preparations are ongoing.	Annual Report 2024 Sustainability Report 2023
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	x					Annual Report 2024, Sustainability section Sustainability Report 2023
B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	x					Sustainability Report 2023
B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).			x		Since the legal regulation processes regarding the carbon pricing system have not yet been completed in Türkiye, there is no carbon pricing system in which the Company is involved.	
B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.			x			
B24. If carbon pricing is applied within the Company, the details have been disclosed.			x			
B25. The platforms where the Company discloses its environmental information have been disclosed.	x					Annual Report 2024, Sustainability Report 2023

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
C1.1. The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	x				Within the scope of Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been established for possible violations of these principles and these communication channels are announced on the website.	https://www.kale.com.tr/politikalar https://www.kale.com.tr/etik-hat
C1.2. Considering the effects of supply and value chain, fair workforce, improvement of labour standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	x				Within the scope of Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been established for possible violations of these principles and these communication channels are announced on the website. Diversity and Inclusion Policy has been determined and posted on the website.	https://www.kale.com.tr/politikalar https://www.kale.com.tr/etik-hat
C1.3. The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	x					https://www.kale.com.tr/politikalar https://www.kale.com.tr/etik-hat
C1.4. The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labour have been disclosed.	x				Within the Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been established for possible violations of these principles and these communication channels are announced on the Kale Group website.	https://www.kale.com.tr/politikalar https://www.kale.com.tr/etik-hat

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1.5. Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	x					Annual Report 2024/Human Resources section
C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	x					Annual Report 2024/Human Resources section
C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	x					Annual Report 2024/Human Resources section
C1.6. The occupational health and safety policies have been established and disclosed.	x				ISO 45001 Occupational Health and Safety Management System is in place. An Integrated Management System Policy has been established within the scope of Integrated Management Systems implementation.	Annual Report 2024 https://www.kale.com.tr/kataloglar-ve-kilavuzlar
C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	x					Sustainability Report 2023, Occupational Health and Safety section Annual Report 2024
C1.7. The personal data protection and data security policies have been established and disclosed.	x				Information security and personal data protection policy has been established.	https://www.kale.com.tr/bilgi-guvenligi-politikasi
C1.8. The ethics policy have been established and disclosed.	x					
C1.9. The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	x					Annual Report 2024
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	x					Sustainability Report 2023 Social Benefit section

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C2. Stakeholders, International Standards and Initiatives						
C2.1. The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	x				ISO 10002 Customer Complaints Management System is in place. An Integrated Management System Policy has been established within the scope of Integrated Management Systems implementation.	https://www.kale.com.tr/kataloglar-ve-kilavuzlar
C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	x					Sustainability Report 2023
C2.3. The international reporting standards that adopted in reporting have been explained.	x					Sustainability Report 2023, Annual Report 2024
C2.4. The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	x					Sustainability Report 2023
C2.5. The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	x				An application has been made to be included in the Borsa Istanbul Sustainability Index and is expected to be announced in the first semester of 2025.	
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	x				In 2022, the Company conducted a materiality analysis on environmental, social and corporate governance, taking into account stakeholder expectations and global trends.	Annual Report 2023, Sustainability Section, Our Strategy Section Sustainability Report 2023
D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	x					Annual Report 2024

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In 2024, no amendments were made to the Articles of Association of the Company.

ANNUAL REPORT STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY ISSUED PURSUANT TO ARTICLE 9 OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (NO. II-14.1)

BOARD'S RESOLUTION ON THE APPROVAL OF THE FINANCIAL STATEMENTS

RESOLUTION DATE: 11.03.2025

RESOLUTION NO: 2068

The consolidated financial statements, including the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, and statement of changes in equity (the "Financial Statements"), together with the accompanying notes for the accounting period between January 1, 2024 and December 31, 2024, prepared by our Company and subjected to independent audit by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., have been prepared in accordance with the Capital Markets Board (CMB) Communiqué No. II-14.1 on the Principles of Financial Reporting in Capital Markets and the Principle Decision dated December 28, 2023 regarding the implementation of inflation accounting, in compliance with the Türkiye Financial Reporting Standards (TFRS) and the formats determined by the CMB, in line with the regulations of the Capital Markets Board;

Has been examined by us in line with the CMB regulations,

To the best of our knowledge within the scope of our duties and responsibilities at the Company, the consolidated financial statements and the annual report do not contain any false statements on material matters or any omissions that could lead to a misleading conclusion as of the date on which the disclosure was made,

To the best of our knowledge and within the scope of our duties and responsibilities at the Company, the interim consolidated financial statements prepared in accordance with the Communiqué, together with the entities included in the scope of consolidation, fairly present the Company's assets, liabilities, financial position, and profit or loss; and the annual report fairly reflects the development and performance of the business and, together with the entities included in the scope of consolidation, the Company's financial position, as well as the material risks and uncertainties it is exposed to,

and we declare our responsibility for the statement made.

Regards,

Cengiz SOLAKOĞLU
Chairperson of the Audit Committee

Fahri Okan BÖKE
Member of the Audit Committee

Arzu ERDEM
Member of the Audit Committee

Cemşit BAYLAN
Assistant General Manager
Financial Affairs

ANNUAL REPORT COMPLIANCE OPINION



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.S.

1. Opinion

We have audited the annual report of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.S. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period 1 January - 31 December 2024.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 11 March 2025 on the full set consolidated financial statements for the period 1 January - 31 December 2024.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the General Assembly;
- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

ANNUAL REPORT COMPLIANCE OPINION



- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Öztürk, SMMM
Independent Auditor

Istanbul, 11 March 2025

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY-31 DECEMBER 2024 AND
INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.S.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.S. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue recognition</p> <p>The Group achieved a revenue of TRY 9.948.731.835 for the financial period ending on December 31, 2024. As stated in Note 2.3 and Note 21 of the consolidated financial statements, revenue is recognized when it can be measured reliably and when it is probable that the economic benefits associated with the transactions will flow to the Group.</p> <p>Revenue is the most critical measurement criterion for the Group in evaluating the results of the strategies implemented during the year and for performance monitoring. Additionally, recognizing revenue consistently in accordance with the accrual principle poses a significant risk due to the Group's various performance obligations to its customers related to product deliveries. For these reasons, the recognition of revenue has been identified as a key audit matter.</p>	<p>The following procedures have been applied to the audit of revenue:</p> <ul style="list-style-type: none"> - The processes identified as key by the independent auditor, including billing for significant revenue streams, approval of price changes, and sub-processes related to receivables monitoring, have been reviewed end-to-end. - With the assistance of our Information Technology (IT) specialists, the designs of internal controls related to program access, program changes, and the general IT environment have been evaluated, and the relevant processes have been reviewed end-to-end. - Tests have been conducted using a sampling method to verify the accuracy of customer invoices, and these invoices have been tested against collections from customers, contracts, or sales orders. - Detailed tests have been performed to ensure that transactions recognized as revenue, occurring before and after the financial periods, are recorded in the correct period in accordance with the accrual principle. - The reliable measurement of performance obligations arising from the Group's customer contracts and their accounting in accordance with TFRS 15 'Revenue from Contracts with Customers' have been assessed. - The adequacy of the disclosures in Note 2.3 and Note 21 has been evaluated.



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 11 March 2025.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Öztürk, SMMM
Independent Auditor

Istanbul, 11 March 2025

CONTENTS	PAGE
CONSOLIDATED STATEMENTS OF BALANCE SHEETS.....	126-127
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS.....	128
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	129
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	130
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	131
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	132-193

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENT DATED DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Footnote References	Audited Current period 31.12.2024	Audited Past period 31.12.2023
Assets			
Current Assets		7,154,259,051	10,214,049,698
Cash and cash equivalents	5	1,458,210,162	3,294,106,690
Trade receivables		1,938,591,709	2,480,020,281
- Trade receivables from related parties	6	12,616,793	34,093,339
- Trade receivables from third parties	7	1,925,974,916	2,445,926,942
Other receivables		93,931,632	190,234,536
- Other receivables from third parties	8	93,931,632	190,234,536
Inventories	9	3,319,171,261	3,954,159,372
Prepaid expenses	10	255,592,359	208,048,611
Tax assets for the current period	28	65,034,406	31,127,692
Other current Assets	18	23,727,522	56,352,516
Non-current assets		8,321,202,172	7,834,114,106
Financial investments	3	63,897,342	75,274,015
Investments Accounted for Using Equity Method	3	21,740,140	19,300,512
Investment properties	11	317,749,022	353,842,153
Property, plant and equipment	12	6,564,696,656	5,927,733,356
Intangible Assets		525,051,944	402,539,542
- Other Intangible Assets	13	525,051,944	402,539,542
Right-of-use assets	14	96,362,510	64,509,756
Prepaid expenses	10	61,742,665	-
Deferred Tax Asset	28	669,501,893	990,250,633
Other Non Current Assets		460,000	664,139
Total assets		15,475,461,223	18,048,163,804

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL TABLE AS OF DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Footnote reference	Audited Current period 31.12.2024	Audited Past period 31.12.2023
Liabilities			
Current Liabilities		6,834,930,823	5,260,578,727
Short-term borrowings	15	4,283,318,022	2,087,898,500
Current portion of long-term borrowings		288,698,894	499,651,612
- Short-term portions of long-term borrowings	15	258,505,998	477,731,997
- Borrowings from lease transactions	15	30,192,896	21,919,615
Derivative financial liabilities	19	-	8,840,835
Trade payables		1,836,393,690	1,959,412,342
- Trade payables to related parties	6	158,629,911	138,210,157
- Trade payables to third parties	7	1,677,763,779	1,821,202,185
Payables Related to Employee Benefits	17	154,527,458	175,585,612
Other Payables		19,238,080	3,969,710
- Other payables to third parties	8	19,238,080	3,969,710
Deferred Income	10	189,753,722	470,856,139
Short-term provisions		41,988,062	38,064,580
- Short-term provisions for employee benefits	17	19,745,259	12,272,196
- Other short-term provisions	16	22,242,803	25,792,384
Other short-term liabilities	18	21,012,895	16,299,397
Non-Current Liabilities		1,350,937,542	1,566,659,980
Long-term borrowings		831,645,670	850,043,702
- Long-term borrowings	15	765,101,372	823,745,935
- Borrowings from lease transactions	15	66,544,298	26,297,767
Trade Payables		138,383,802	335,131,227
- Trade payables to third parties	7	138,383,802	335,131,227
Long-term provisions		380,908,070	381,485,051
- Long-term provisions for employee benefits	17	380,908,070	381,485,051
Equity		7,289,592,858	11,220,925,097
Parent Company's Shares		7,220,572,063	11,220,925,097
Paid-in capital	20	514,778,661	514,778,661
Capital adjustment differences	20	8,285,125,328	8,285,125,328
Share capital	20	4,898,051,248	4,898,051,248
Items That Will Not Be Reclassified to Profit or Loss		(751,024,761)	(593,815,402)
- Remeasurement of defined benefit plans gains (losses)		(745,661,036)	(597,121,658)
- Investments in equity instruments gains (losses) arising from		(5,313,564)	3,446,474
- Share of other comprehensive income of investments accounted through equity method that will not be reclassified to profit or loss		(50,161)	(140,218)
Items That Are or May Be Reclassified to Profit Or Loss		(222,184,181)	(176,140,054)
- Foreign Currency Translation Differences		(222,184,181)	(176,140,054)
Restricted Profit Reserves	20	256,283,858	247,688,230
Previous Years Profit(Loss)		(2,079,107,327)	(2,381,061,897)
Net Profit/(Loss) for the Period		(3,681,350,763)	426,298,983
Non-controlling interests		20	69,020,795
Total Equity		15,475,461,223	18,048,163,804

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Footnote References	Audited Current period 31.12.2024 Audited	Audited Past period 31.12.2023 Audited
PROFIT OR LOSS			
Revenue	21	9,948,731,835	14,024,533,498
Cost Of Sales (-)	21	(9,934,489,446)	(11,818,947,191)
Gross Profit		14,242,389	2,205,586,307
General Administrative Expenses (-)	22	(736,223,385)	(832,324,751)
Marketing Expenses(-)	22	(1,567,069,402)	(1,605,695,364)
Research and Development Expense (-)	22	(163,052,316)	(101,608,769)
Other Operating Income	24	509,586,446	1,896,899,682
Other Operating Expense (-)	24	(711,260,425)	(1,016,020,434)
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT ACTIVITIES		(2,653,776,693)	546,836,671
Income from Investment Activities	25	18,685,228	169,736,652
Expenses for Investment Activities(-)	25	(68,055,484)	(49,000,349)
Share of Investments' Profit Accounted for Using The Equity Method	3	2,349,571	2,188,937
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9	7	(34,393,792)	(84,501,485)
OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSES		(2,735,191,170)	585,260,426
Financial Income	26	1,145,072,741	657,947,208
Financial Expenses (-)	26	(2,351,178,530)	(1,965,243,317)
Net monetary position gains	27	570,393,093	1,268,586,470
PROFIT/(LOSS) BEFORE TAX		(3,370,903,866)	546,550,787
Tax Expense			
- Current Tax Expense	28	-	(105,548,092)
- Deferred Tax Expense	28	(367,734,280)	(14,703,712)
NET PROFIT/(LOSS) FOR THE PERIOD		(3,738,638,146)	426,298,983
Distribution of profit (loss) for the period			
-Non-controlling interests		(57,287,383)	-
-Parent Company Shares		(3,681,350,763)	426,298,983
Earning Per Share	29	(2.237)	0.268

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Footnote References	Audited Current period 31.12.2024	Audited Past period 31.12.2023
OTHER COMPREHENSIVE INCOME			
Items That Will Not be Reclassified SubsequentYy To Profit or Loss		(157,209,359)	(253,984,437)
- Remeasurement gains/(losses) on defined benefit plans from investments valued using the equity method, net of tax		90,057	493,430
- Remeasurement losses on defined benefit plans, net of tax		(148,539,378)	(239,742,017)
- Gains (losses) from investments in equity- based financial instruments, net of tax		(8,760,038)	(14,735,850)
Items That May Be Reclassified SubsequentYy To Profit or Loss		(68,684,740)	(102,704,879)
- Currency Translation Adjustment		(68,684,740)	(102,704,879)
Other Comprehensive Expense		(225,894,099)	(356,689,316)
Total comprehensive income/(expense)		(3,964,532,245)	69,609,667
Total Comprehensive Income(Loss)			
-Non-controlling interests		(79,927,996)	-
-Parent company shares		(3,884,604,249)	69,609,667

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED EQUITY CHANGE TABLE
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Share capital	Adjustment to share capital	Share premium	Remeasurement of defined benefit plans	Gains/(losses) arising from investments in equity-based financial instruments	Share of other comprehensive income of investments accounted through equity method that will not be reclassified to profit or loss	Comprehensive Income(Expense) That Will Be Reclassified Subsequent TRYY To Profit or Loss	Comprehensive Income(Expense) That Will Be Reclassified Subsequent TRYY To Profit or Loss	Foreign Currency Translation Differences	Restricted Profit Reserves	Previous Years Profit(Loss)	Net Profit/(Loss) For The Period(loss)	Equity Belongs To Parent Company	Non-controlling Interests	Total Equity
Balances as of January 1, 2023	405,388,196	8,196,102,243	687,081,897	(357,379,641)	18,182,324	(633,648)	(73,435,175)	206,257,389	(5,398,291,685)	3,143,948,333	6,827,220,233	6,827,220,233	-	6,827,220,233	
Transfers	-	-	-	-	-	-	-	41,430,841	3,102,517,492	-	-	(3,143,948,333)	-	-	
Total Comprehensive Income(loss)	-	-	-	(239,742,017)	(14,735,850)	493,430	(102,704,879)	-	-	-	-	426,298,983	69,609,667	69,609,667	
Cash Capital Increase (Note 20)	109,390,465	89,023,085	-	-	-	-	-	-	-	-	-	-	198,413,550	198,413,550	
Increase due to share-based transactions (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	4,210,969,351	4,210,969,351	
Other payments to shareholders excluding dividends	-	-	-	-	-	-	-	-	(85,287,704)	-	-	-	(85,287,704)	(85,287,704)	
Balances as of December 31, 2023	514,778,661	8,285,125,328	4,898,051,248	(597,121,658)	3,446,474	(140,218)	(176,140,054)	2,47,688,230	(2,381,061,897)	426,298,983	11,220,925,097	11,220,925,097	-	11,220,925,097	
Balances as of January 1, 2024	514,778,661	8,285,125,328	4,898,051,248	(597,121,658)	3,446,474	(140,218)	(176,140,054)	2,47,688,230	(2,381,061,897)	426,298,983	11,220,925,097	11,220,925,097	-	11,220,925,097	
Transfers	-	-	-	-	-	-	-	8,595,628	417,703,355	(426,298,983)	-	-	-	-	
Total Comprehensive Income(loss)	-	-	-	(148,539,378)	(8,760,038)	90,057	(46,044,127)	-	-	-	-	(3,681,350,763)	(3,884,604,249)	(79,927,996)	
Acquisition of a subsidiary (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,678,955)	
Dividends (Note 20)	-	-	-	-	-	-	-	-	-	-	(115,748,785)	-	-	(115,748,785)	
Increase due to changes in ownership interest in subsidiaries that do not result in the loss of control (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,678,955)	
Balances as of December 31, 2024	514,778,661	8,285,125,328	4,898,051,248	(745,661,036)	(5,313,564)	(50,161)	(222,184,181)	2,56,283,858	(2,079,107,327)	(3,681,350,763)	7,220,572,063	7,220,572,063	69,020,795	7,289,592,858	

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

	Footnote References	Audited Current Period January 1 - December 31 2024	Audited Past Period January 1 - December 31 2023
CASH FLOWS FROM OPERATING ACTIVITIES		(1,929,644,445)	208,394,311
Profit/(Loss) for the period		(3,738,638,146)	426,298,983
Adjustments to reconcile net profit/loss for the period		1,401,339,033	706,868,691
Adjustment related to depreciation and amortization expense	23	827,574,474	713,017,410
Adjustments related to impairment of receivables	7	34,393,792	84,501,485
Adjustment related to provision for inventory impairment	9	(30,255,398)	(124,885,799)
Adjustments related to provisions/cancellation for employee benefits.	17	67,079,982	111,438,891
Adjustment related to provision for litigations (net)	16	4,454,523	(23,929,922)
Other provisions	16	895,897	(16,853,984)
Adjustment related to interest income	26	(1,145,072,741)	(657,947,208)
Adjustment related to interest expense	26	1,728,448,668	1,202,754,873
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(8,840,835)	(26,863,521)
Adjustments related to fair value gains on financial assets	25	-	(80,380,880)
Adjustments related to tax income/expenses	28	367,734,279	120,251,804
Adjustments related to fair value losses/gains on investment properties	25	8,788,398	(61,745,493)
Adjustments for retained Earnings of investments valued by equity method	3	(2,349,571)	(2,188,937)
Adjustments related to unrealised foreign exchange differences		190,322,920	377,146,554
Adjustment related to gain(loss) sale of property, plant and equipment	25	44,407,489	28,837,787
Monetary (gains)/losses		(686,242,844)	(936,284,369)
Changes in working capital		642,815,089	(279,399,426)
Change in trade receivables from related parties.	6	21,476,546	(32,292,975)
Change in trade receivables from third parties.	7	538,194,190	138,321,377
Change in other receivables related to activities from third parties.	8	96,302,904	251,541,076
Adjustments related to change in inventories.	9	665,243,509	171,136,543
Changes in prepaid expenses	10	(109,286,413)	18,280,509
Changes in other assets related to operations.	18	32,829,133	164,249,971
Changes in trade payables to related parties.	6	20,419,754	(91,591,790)
Changes in trade payables to third parties.	7	(340,185,831)	(361,434,685)
Changes in deferred income	10	(281,102,417)	(587,467,969)
Change in payables related to employee benefits	17	(21,058,154)	51,616,201
Adjustments related to change in other liabilities related to operations	8	15,268,370	(1,740,412)
Change in other liabilities related to operations	18	4,713,498	(17,272)
Cash flow from operations		(1,694,484,024)	853,768,248
Taxes paid/tax returns	28	(33,906,714)	(105,548,092)
Payments made within the scope of provisions for employee benefits	17	(201,253,707)	(539,825,845)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,576,494,900)	(1,424,662,807)
Cash outflow related to sales of tangible and intangible assets	11,12,25	16,971,814	(24,474,427)
Cash outflow related to purchases of tangible and intangible assets	11, 12	(1,593,466,714)	(1,711,808,349)
Other cash inflows (outflows)		-	311,619,969
CASH FLOWS FROM FINANCING ACTIVITIES		2,649,462,002	5,013,972,885
Cash inflows from borrowing	15	6,347,953,933	7,110,830,904
Interest received		1,119,623,539	645,214,118
Cash inflows from changes in ownership interests in subsidiaries that do not result in the loss of control	20	154,627,746	-
Dividends paid	20	(115,748,785)	-
Interests paid		(1,765,836,757)	(1,215,453,701)
Cash outflows related to debt repayments	15	(3,091,157,674)	(5,850,713,633)
Cash inflows from the issuance of shares and other equity-based instruments	20	-	4,210,969,351
Cash capital increase	20	-	198,413,550
Other cash outflows		-	(85,287,704)
Change in cash and cash equivalents before foreign exchange differences and monetary effects		(856,677,343)	3,797,704,389
Effect of foreign exchange differences on cash and cash equivalents		7,865,564	68,846,942
Monetary loss		(1,012,533,951)	(1,138,348,739)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,861,345,730)	2,728,202,592
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	3,281,222,662	553,020,070
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,419,876,932	3,281,222,662

The accompanying footnotes form an integral part of the consolidated financial statements

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

1. ORGANISATION AND NATURE OF OPERATIONS

Çanakkale Seramik Fabrikaları A.Ş., the first ceramic tile producer in Turkey, was established in 1957, while Kalebodur Seramik Sanayi A.Ş., the first floor tile producer, was founded in 1972. Çanakkale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş. merged under the name of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. ("Kaleseramik" or the "Company") in the year 2000. Kaleseramik, along with its subsidiaries and affiliates (collectively referred to as the "Group"), is primarily engaged in the production, sale, and distribution of wall tiles, floor tiles, granite ceramics, insulators, frit, and bathroom and kitchen furniture and accessories. The ultimate controlling shareholder of the Company is H. İbrahim Bodur Holding A.Ş., which is ultimately controlled by the Bodur family.

The Company is registered in Turkey and has a registered address. Büyükdere Caddesi Kaleseramik Binası 34330 Levent, İstanbul.

Subsidiaries

As of December 31, 2024 and 2023, the consolidated subsidiaries are as follows:

December 31 2024	Country	Principal Activities	Ordinary Shares Held by the company percentage(%)	Ordinary Shares Held by the company percentage(%)
Kale Italia(***)	Italia	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.(***)	Russia	Production	100.00	100.00
Al-Sadaf Porselen ve Seramik Kaşı Üretimi Limited Şirketi (*)	Iraq	Production	49.00	49.00
Kaleseramik Seramik Ticareti ve Üretimi Limited Şirketi (**)	Iraq	Marketing	100.00	100.00

December 31 2023	Country	Principal Activities	Ordinary Shares Held by the company percentage(%)	Ordinary Shares Held by the company percentage(%)
Kale Italia	Italia	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.	Russia	Production	100.00	100.00

(*) Upon evaluation of the discussions and negotiations held within the framework of the board of directors' decisions dated 14 September 2023, 20 September 2023 and 28 November 2023 of the Group Board of Directors, in order to contribute to the growth of the Group in the ceramic tile sector in the Iraqi market, 49% of the shares representing the capital of the Company tiTRYed "Al-Sadaf Porcelain and Ceramic Kaşı Üretimi Ltd. Şti." with a net asset capital of 1,000,000,000 Iraqi Dinars, established in Baghdad/Iraq, has been acquired by the Group for a consideration of TRY 15,090,997. The Group has accounted for the Company with the full consolidation method within the scope of TFRS 10. Accordingly, the non-controlling interests of TRY (5,678,955) have been accounted for under equity as the "subsidiary acquisition" effect. The Group, with the decision of the board of directors dated February 14, 2024, increased the capital of Al-Sadaf Porcelain and Ceramics Kaşı Üretimi Ltd. Şti. to 12,465,554,122 Iraqi Dinars (TRY 260,908,223). The company participated in the capital increase in proportion to its shares and made a cash payment of TRY 153,487,022 equivalent to 5,618,121,520 Iraqi Dinars. Accordingly, non-controlling interests also participated in the capital increase in proportion to their shares and the relevant TRY 154,627,746 amount was recognized in the equity movement statement as the effect of "increase due to changes in share ratio that do not result in loss of control in subsidiaries".

(**) The company was established in Erbil, Iraq, on February 5, 2024, with the aim of contributing to the Group's growth in the ceramic coating materials sector in the Iraqi market. The company has a capital of TRY 28,889.

(***) The companies do not have any activities.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company's financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in Capital Markets" ("Communiqué") numbered II-14.1 published in the Official Gazette dated June 13, 2013 and numbered 28676 by the Capital Markets Board ("CMB") and according to Article 5 of the Communiqué, the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("KGK") and the annexes and interpretations thereof have been taken as basis.

The Company and its affiliates registered in Turkey comply with the principles and conditions issued by the CMB, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts conditions issued by the Ministry of Finance in keeping accounting records and preparing their statutory financial statements. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. Consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial investments, derivative instruments, investment properties and assets and liabilities included in the business combination application, which are shown at fair value, and have been arranged by reflecting the necessary corrections and classifications in order to provide accurate presentation in accordance with TFRS in legal records. Consolidated financial statements have been presented in accordance with the formats determined in the "Announcement on TMS Taxonomy" published by the POA on July 3, 2024 and the Financial Statement Samples and User Guide published by the CMB.

The Group's consolidated financial statements have been approved by the Board of Directors and authorized for publication on March 11, 2025. Although there is no such intention, the Group Management and some regulatory bodies have the authority to change the financial statements prepared in accordance with the legal legislation after they are published.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and the entities controlled by the Group's subsidiaries. Control is achieved when the Group meets the following conditions:

- Has power over the investee company/asset;
- Is exposed to or has the right to variable returns from the investee company/asset; and
- Is able to use its power in a way that may have an impact on returns.

If a situation or event occurs that may cause a change in at least one of the criteria listed above, the Group reassesses whether it has control over its investment.

In cases where the Group does not have a majority vote over the investee company/asset, it has control over the investee company/asset if it has sufficient voting rights to be able to direct/manage the activities of the relevant investment on its own. The Company considers all relevant events and circumstances in assessing whether the majority vote in the relevant investment is sufficient to provide control, including the following elements:

- Comparison of the voting rights held by the Group with the voting rights held by other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual arrangements; and
- Other events and circumstances that may indicate whether the Group has the current power to direct the relevant activities in matters requiring decision-making (including votes cast at previous general meetings).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The inclusion of a subsidiary in the consolidation scope begins when the Group gains control over the subsidiary and ends when control is lost. During the year, the income and expenses of subsidiaries acquired or disposed of are included in the consolidated income statement and other comprehensive income from the acquisition date until the disposal date.

Each line item of profit or loss and other comprehensive income belongs to the parent company shareholders and non-controlling interests. Even if non-controlling interests result in a negative balance, the total comprehensive income of subsidiaries is allocated to both parent company shareholders and non-controlling interests.

If necessary, adjustments related to accounting policies are made in the financial statements of subsidiaries to align with the Group's accounting policies.

All intra-group assets and liabilities, equity, income and expenses, and cash flows related to transactions between Group companies are eliminated in consolidation.

Subsidiaries

Investments in associates are accounted for using the equity method. These are entities in which the Group generally holds between 20% and 50% of the voting rights or in which the Group has significant influence, although not control over the company's operations.

Unrealized profits arising from transactions between the Group and the affiliate are adjusted to the extent of the Group's share in the affiliate, and unrealized losses are adjusted if the transaction does not indicate that the transferred asset is impaired. As long as the Group has not entered into an obligation or made a commitment in this regard with respect to the affiliate, the equity method is not continued in the event that the recorded value of the investment in the affiliate is zero or the Group's significant influence has ended. The recorded value of the investment on the date when the significant influence has ended is shown at its fair value when its fair value can be measured reliably after that date, otherwise, at its cost value.

Functional and reporting currency

Each line item in the financial statements of companies within the Group has been accounted for using the functional currency, which is the currency of the primary economic environment in which the companies operate. The consolidated financial statements are presented in Turkish Lira, which is the Group's presentation currency.

When the functional currency of subsidiaries operating in foreign countries differs from the reporting currency, it is translated into the reporting currency as follows (none of these currencies are from a hyperinflationary economy):

- All assets in the balance sheet are translated using the buying exchange rate at the balance sheet date, and liabilities are translated using the selling exchange rate at the balance sheet date;
- Income and expenses in the profit or loss statement are translated using the average exchange rate; and
- Any resulting exchange rate differences are shown as a separate item in equity (foreign exchange rate differences) and included in other comprehensive income.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 New and amended standards and interpretations

Adjustment of Financial Statements in High Inflation Periods

According to the Capital Market Board (CMB) decision dated December 28, 2023, and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply the provisions of TAS 29 "Financial Reporting in High Inflationary Economies" for annual financial reports ending on December 31, 2024, and subsequent periods.

In accordance with the announcement made by the Public Oversight Board, (POB) on November 23, 2023, and the published "Application Guide on Financial Reporting in High Inflationary Economies," the Group prepared its consolidated financial statements for the year ending December 31, 2024, using TAS 29. Under this standard, consolidated financial statements prepared based on the functional currency of a high inflationary economy are expressed in the measurement unit of the reporting period at the balance sheet date for comparison purposes with prior periods. Therefore, the Group also restated its consolidated financial statements for December 31, 2023, as of December 31, 2024, using the purchasing power basis.

The restatements made under TAS 29 were based on the correction coefficient obtained from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TSP"). As of December 31, 2024, the indices and correction coefficients used for restating the consolidated financial statements, considering that the Turkish Lira is no longer defined as the currency of a high inflationary economy since January 1, 2005, are as follows:

Date	Index	Adjustment coefficient	Three years compound inflation rate
December 31 2024	2,684.55	1.00000	%291
December 31 2023	1,859.38	1.44379	%268
December 31 2022	1,128.45	2.37897	%156

The key elements of the Group's restatement process for financial reporting in high inflationary economies are as follows:

- The consolidated financial statements for the current period, prepared in Turkish Lira (TRY), are expressed in terms of purchasing power at the balance sheet date. Amounts for prior reporting periods are also restated based on the purchasing power at the end of the reporting period.
- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, financial sector receivables and payables, borrowings, etc.) are not restated since they are already expressed in terms of the current purchasing power at the balance sheet date. Non-monetary items (such as inventories, tangible and intangible fixed assets, investment properties, and equity items) are restated based on their inflation-adjusted values, considering recoverable amounts or net realizable values. If these values exceed the carrying amount, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied sequentially.
- Non-monetary assets and liabilities, as well as equity items not expressed in terms of the current purchasing power at the balance sheet date, are restated using the relevant adjustment coefficients.
- Except for the impact of non-monetary items in the consolidated income statement, all line items in the consolidated income statement are indexed using coefficients calculated based on the periods when income and expense accounts were initially reflected in the consolidated financial statements.
- The effect of inflation on the Group's net monetary asset position for the current period is recorded in the consolidated income statement as a net monetary position gain.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 New and amended standards and interpretations (Continued)

a) As of December 31, 2024 the new standards amendments to existing standards, and interpretations in effect are as follows:

- **TAS 1, Changes related to long-term liabilities with contractual terms;** These changes apply to annual reporting periods beginning on or after January 1, 2024. The changes clarify how the conditions that the entity must comply with within twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information provided by the entity regarding liabilities subject to these conditions.
- **IFRS 16, Sale and leaseback transactions;** It is effective for annual reporting periods beginning on or after January 1, 2024. These changes include the sale and leaseback provisions that explain how an entity accounts for a sale and leaseback transaction under IFRS 16 after the transaction date. The impact of sale and leaseback transactions, which involve variable lease payments that are not linked to an index or rate, is likely to be affected.
- **Changes related to supplier financing agreements in TAS 7 and IFRS 7** It is effective for annual reporting periods beginning on or after January 1, 2024. These changes require disclosures to increase transparency regarding the impact of supplier financing agreements on companies' liabilities, cash flows, and liquidity risks. The disclosure requirements are in response to concerns raised by the TASB (Turkish Accounting Standards Board) regarding investors' concerns that supplier financing agreements of certain companies are not sufficient clear, hindering investors' analysis.
- **IFRS 1, "General Provisions on the Disclosure of Financial Information Related to Sustainability"** It is effective for annual reporting periods beginning on or after January 1, 2024. This standard provides a fundamental framework for the disclosure of significant risks and opportunities related to sustainability that a company faces within its value chain.
- **IFRS 2, "Climate Related Disclosures";** It is effective for annual reporting periods beginning on or after January 1, 2024. This standard is the first topic-specific standard that sets out disclosure requirements for companies regarding climate-related risks and opportunities.

b) As of December 31, 2024 the new standards amendments to existing standards, and interpretations but have not yet come into effect are as follows:

The standards newly issued by the International Accounting Standards Board but not yet incorporated into legislation by the Public Oversight Accounting and Auditing Standards Authority maintain the IFRS codification

- **TAS 21 Lack of Convertibility;** It is effective for annual reporting periods beginning on or after January 1, 2025. A business is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a particular purpose. A currency is considered convertible when the possibility exists to acquire another currency (within a normal administrative delay) and occurs through a market or exchange mechanism that creates rights and obligations subject to the transaction.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 New and amended standards and interpretations (Continued)

- **Changes related to the classification and measurement of financial instruments in IFRS 9 and IFRS 7;** It is effective for annual reporting periods beginning on or after January 1, 2026 (early adoption is permitted).

These changes:

- Clarifying the timing requirements for recognizing and derecognizing certain financial assets and liabilities, including a new exception for certain financial liabilities paid through electronic cash transfer systems;
- Providing further guidance and clarification on assessing whether a financial asset meets the criteria of payments of only principal and interest;
- Adding new disclosures for certain instruments with contractual terms that may alter cash flows (such as certain instruments with features linked to the achievement of environmental, social and governance (ESG) objectives); and
- Updating the disclosures for equity instruments at fair value through other comprehensive income.
- **Annual Improvements to IFRS – 11. Amendment;** Annual improvements are limited to changes that clarify the language in an Accounting Standard or correct relatively small unexpected outcomes, overlooked points, or inconsistencies between the provisions of Accounting Standards. The 2024 amendments have been made to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and Guidance on the Application of IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - TAS 7 Statement of Cash Flows.
- **IFRS 18 Presentation and Disclosure in Financial Statements;** It is effective for annual reporting periods beginning on or after January 1, 2027. This is a new standard focusing on updates in the profit or loss statement, relating to the presentation and disclosure of financial statements. The key new concepts introduced in IFRS 18 relate to the following:
 - The structure of the profit or loss statement
 - Required disclosures in the financial statements for certain profit or loss performance metrics reported outside of the entity's financial statements (i.e., performance metrics defined by management)
 - Improved principles for aggregation and disaggregation generally applicable to the core financial statements and notes.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 New and amended standards and interpretations (Continued)

- TFRS 19 Non-Publicly Accountable Subsidiaries: Disclosures; effective for annual reporting periods beginning on or after January 1, 2027. Early application is permitted. This new standard is applied in conjunction with other IFRSs. A qualifying subsidiary shall apply the provisions of other IFRS Accounting Standards, except for the disclosure requirements, and instead apply the reduced disclosure requirements in TFRS 19. The reduced disclosure requirements of TFRS 19 balance the information needs of users of the financial statements of qualifying subsidiaries with cost savings for financial statement preparers. TFRS 19 is a standard that can be applied voluntarily for qualifying subsidiaries. A subsidiary shall meet the relevant requirements in the following cases:

- Lack of public accountability
- Having a parent or intermediate parent company that produces consolidated financial statements for public use in accordance with IFRS Accounting Standards.

The Group is currently evaluating the impact of the changes mentioned above on its operations and will apply them from the effective date. It is expected that the above comments will not have a significant impact on the Group's consolidated financial statements and notes in future periods, in relation to the relevant standards and interpretations.

2.3 Accounting Policies

Segment Reporting

Segment reporting is organized in a manner that ensures consistency with the reporting made to the Group's decision-making authority regarding operations. The Board of Directors is the decision-making authority of the Group, responsible for making decisions about the resources to be allocated to the segments and evaluating the performance of the segments.

For an operating segment to be identified as a reportable segment, it must constitute 10% or more of the total revenue of all operating segments within and outside the business, including sales to external customers and inter-segment sales or transfers. It must also constitute 10% or more of the reported profit or loss, or its assets must constitute 10% or more of the total assets of all operating segments.

If management believes that information about the segment would be useful to users of the financial statements, operating segments that do not meet any of the above numerical thresholds can also be considered reportable segments, and information about them can be disclosed separately.

Fixed Assets

Fixed assets are presented at their net values, which are found by deducting accumulated depreciation and permanent impairment losses from the acquisition cost expressed in the purchasing power as of the balance sheet date. Assets in the construction phase or to be used for production of goods and services are shown by deducting any impairment loss from their cost values. Legal fees are also included in the cost.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Except for land and investments under construction, the cost amounts of tangible fixed assets are subject to depreciation using the straight-line method based on their expected useful lives. No depreciation is allocated for land and plots due to their indefinite lives. The expected useful life, residual value, and depreciation method are reviewed annually for potential effects of changes in estimates and are accounted for prospectively if there is a change in estimates.

The estimated economic lives of tangible fixed assets are as follows:

	<u>Years</u>
Land and land improvements	4-50
Buildings	4-50
Machinery and equipment	4-50
Motor vehicles	4-10
Furniture and fixtures	3-50
Special Costs	5

Fixed assets are examined for the detection of a possible impairment. If the carrying amount of the fixed asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount by setting aside provisions. The recoverable amount is considered to be the higher of the net cash flows from the current use of the relevant fixed asset and the fair value less cost to sell.

Normal maintenance and repair expenses made to a tangible fixed asset are accounted for as an expense. Investment expenditures that increase the capacity of the tangible fixed asset and increase the benefit to be obtained from it in the future are added to the cost of the tangible fixed asset and are subject to amortization over the remaining estimated useful life of the relevant tangible fixed asset.

The profit or loss arising from the disposal of fixed assets or the retirement of a fixed asset from service is determined as the difference between the sales revenue and the net book value of the asset and is reflected in the income and expense accounts of the related investment activities in the current

Intangible assets

Purchased intangible assets are presented at their amount after deducting accumulated amortization and any accumulated impairment losses from the acquisition costs expressed in the purchasing power as of the balance sheet date. These assets are amortized using the straight-line method based on their expected useful lives. The expected useful life and amortization method are reviewed annually to identify the potential effects of changes in estimates, and changes in estimates are accounted for prospectively. The average amortization period of intangible fixed assets is 5 years.

When an intangible asset is disposed of or when it is not expected to generate economic benefits from its use or sale in the future, it is excluded from the financial position table. The profit or loss arising from the exclusion of an intangible asset from the financial position table, if any, is calculated as the difference between the net collections obtained from the disposal of assets and their carrying values. This difference is accounted for in profit or loss when the relevant asset is excluded from the financial position table.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Development costs

Project costs related to the development of new products or the testing and design of developed products are considered as intangible fixed assets if the project can be successfully implemented in commercial and technological terms and the costs can be reliably determined. Other development expenses and research expenses are recorded as expenses when incurred. Development expenses that were recorded as expenses in a previous period cannot be capitalized in a subsequent period.

Brand

Brands acquired as part of business combinations are reflected in the financial statements at their fair value on the acquisition date, while separately acquired brands are reflected at their cost value. Brands are amortized over 9 years using the straight-line amortization method.

Right of Use Assets

The Group recognizes right-of-use assets at the commencement date of the finance lease contract (for example, as of the date when the related asset is ready for use). Right-of-use assets are calculated by deducting accumulated depreciation and impairment losses from the acquisition cost expressed in the purchasing power as of the balance sheet date. This amount is also adjusted in the event of revaluation of lease liabilities.

The cost of the right-of-use asset includes the following:

- The initial measurement amount of the lease liability,
- The amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement date of the lease,
- All initial direct costs incurred by the Group.

Unless it is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group amortizes the right-of-use asset from the actual commencement date of the lease to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

Lease Liabilities

The group measures the lease liability at the present value of lease payments that are unpaid at the commencement date. The lease payments included in the measurement of the lease liability at the commencement date consist of the following payments for the right to use the underlying asset during the lease term that are unpaid at the commencement date:

- Fixed payments,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Variable lease payments that are not based on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

For the remaining lease term, the Group determines the revised discount rate as the implicit interest rate in the lease if this rate can be readily determined; if not, the Group uses its incremental borrowing rate at the date of reassessment.

After the commencement date, the Group measures the lease liability as follows:

- Increases the carrying amount to reflect interest on the lease liability, and
- Reduces the carrying amount to reflect the lease payments made.

Additionally, the value of finance lease liabilities is remeasured if there is a change in the lease term, a change in the substance of fixed lease payments, or a reassessment of the purchase option for the underlying asset.

The Group applies the short-term lease recognition exemption to short-term leases of machinery and equipment (i.e., those with a lease term of 12 months or less from the commencement date and without a purchase option). It also applies the low-value asset recognition exemption to office equipment leases considered to be of low value. Short-term lease agreements and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term."

Financial Assets

Reclassification

The Group classifies its financial assets into three categories: 'measured at amortized cost,' 'fair value through other comprehensive income,' and 'fair value through profit or loss.' The classification is based on the business model used by the entity for managing the financial assets and the characteristics of the contractual cash flows of the financial asset. The Group classifies its financial assets at the date of acquisition.

Except for changes in the business model for managing financial assets, financial assets are not reclassified after their initial recognition. In the event of a change in the business model, financial assets are reclassified on the first day of the reporting period following the change.

Derecognition

The Group derecognizes a financial asset when the rights to the cash flows from the financial asset expire or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any rights created or retained by the Group in the transferred financial assets are recognized as a separate asset or liability. As of the balance sheet date, the Company does not have any financial assets held for sale.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Impairment

Financial assets and contract assets are measured for impairment using the 'Expected Credit Loss' (ECL) model. The impairment model applies to financial assets measured at amortized cost and contract assets.

Loss allowances are measured on the following bases;

- 12 month ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The measurement of lifetime ECLs is applied if the credit risk on a financial asset has increased significantly since initial recognition at the reporting date. In all other cases, 12-month ECLs are applied. The Company may determine that the credit risk on a financial asset has not increased significantly if the financial asset has low credit risk at the reporting date. However, the measurement of lifetime ECLs (simplified approach) always applies to trade receivables and contract assets without a significant financing component.

Recognition and Measurement

Financial assets that are bought and sold in the ordinary course of business are recognized on the trade date, which is the date the Group commits to purchase or sell the asset. Financial investments, other than those measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets are subsequently measured at fair value. Loans and receivables are measured at amortized cost using the effective interest method.

Trade Receivables

Trade receivables arising as a result of providing products or services to the buyer are shown as netted from unaccrued financing income. Trade receivables after unaccrued financing income are calculated by discounting the amounts to be obtained in subsequent periods of receivables recorded at the original invoice value using the effective interest method. Short-term receivables without a specified interest rate are shown at their cost values, provided that the effect of the original effective interest rate is not very significant.

If there is an objective finding that there is no possibility of collection, an impairment provision is set aside for the relevant trade receivables. The amount of the provision in question is the difference between the recorded value of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including amounts that can be collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

If all or part of the receivable amount that has been impaired is collected following the allocation of an impairment provision, the collected amount is deducted from the impairment provision and recorded in the other income account from main activities.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Financial Liabilities

Financial liabilities are initially recognized at the fair value of the consideration received, net of transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of those assets. Qualifying assets are those that take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Inventories

Inventories are valued at the lower of net realizable value or cost expressed in purchasing power at the balance sheet date. Cost is calculated using the weighted average cost method. The cost of inventories includes direct materials, direct labor, and general production expenses. Borrowing costs are not included in the cost of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The allowance for inventory impairment is recorded in the cost of sales account.

Investment Properties

Properties held for rental income or capital appreciation, or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties. Investment properties are reflected in the financial statements at their fair values.

The fair value of investment properties is determined annually by independent valuation firms licensed by the CMB and possessing the necessary professional expertise.

Subsequent changes in the fair value of investment properties are recognized in profit or loss in the period in which they arise.

Trade Payables

Trade payables represent amounts payable for goods and services received from suppliers in the ordinary course of business. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently, borrowings are measured at amortized cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings as finance costs.

Derivative Instruments

Derivative financial instruments, including forward foreign exchange contracts, are recognized in the financial statements at their fair values and subsequently measured at fair value. The accounting for gains or losses on derivative financial instruments depends on their classification. Although derivatives are used for risk management purposes, they do not qualify for hedge accounting and are initially recognized at fair value, including transaction costs, and subsequently measured at fair value. Gains and losses arising from changes in the fair value of these instruments are recognized in profit or loss, classified according to the nature of the transaction.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets until the assets are ready for use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Current Tax Expense and Deferred Tax

Current tax expense comprises current period tax expense and deferred tax expense. Tax is included in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity, respectively.

Current tax expense is calculated based on the tax laws that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Gains arising from the sale of equity interests held for more than two years, as well as the sale of founding bonds, usufruct certificates, and subscription rights held for the same period, are exempt from taxation, with 75% of such gains, along with 50% of the gains from the sale of real estate held for the same period, subject to the condition that they are either added to the capital or kept in a special reserve account in the liabilities for a period of 5 years, as stipulated in the Corporate Tax Law.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority on the same taxable entity.

Employee Benefits

The provision for severance pay represents the present value of the estimated total future obligations of the Group arising from the retirement of employees, in accordance with the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate.

Remeasurement gains and losses arising from differences between actuarial assumptions and actual outcomes, as well as changes in actuarial assumptions, are recognized under other comprehensive income. Past service costs are recognized in profit or loss in the period in which they arise. As of December 31, 2024, the calculation of the severance pay liability is performed by an independent actuarial firm in accordance with TAS 19.

The provision for paid leave represents the present value of the estimated total obligations of the Group for unused annual leave entitlements of employees, in accordance with the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate.

Provisions, Contingent Assets, and Liabilities

a) Provisions

A provision is recognized in the financial statements when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate is pre-tax and does not reflect risks for which future cash flow estimates have been adjusted.

When it is expected that some or all of the economic benefits required to settle a provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset if the reimbursement is virtually certain and can be reliably measured.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

b) Contingent Assets and Liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes when an inflow of economic benefits is probable.

Revenue Recognition

The Company recognizes revenue in the consolidated financial statements when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company recognizes revenue in the financial statements based on the following five core principles

- Identification of customer contracts,
- Identification of performance obligations in the contracts,
- Determination of the transaction price,
- Allocation of the transaction price to the performance obligations in the contracts,
- Recognition of revenue when each performance obligation is satisfied.

The Company recognizes a contract with a customer as revenue if all of the following conditions are met

The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to performing their respective obligations

- The Company can identify each party's rights regarding the goods or services to be transferred,
- The Company can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When assessing whether it is probable that the Company will collect the consideration, the Company considers only the customer's ability and intention to pay that amount when it is due. At the inception of the contract, the Company evaluates the goods or services promised in the contract and identifies each promise to transfer to the customer as a performance obligation.

At the beginning of the contract, the Company evaluates the goods or services promised in the contract and identifies each promise to transfer to the customer as a performance obligation as follows:

- a) A distinct good or service (or a bundle of goods or services), or
- b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

A series of distinct goods or services is subject to the same pattern of transfer if both of the following conditions are met:

- a) Each distinct good or service in the series that the Company promises to transfer to the customer meets the criteria to be a performance obligation satisfied over time, and
- b) The same method is used to measure the Company's progress toward complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer, in accordance with the relevant paragraphs of the standard.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend Income

Dividend income from investments is recognized in the consolidated financial statements when the shareholder's right to receive payment has been established.

Related Parties

- a) A person or a member of that person's immediate family is related to the Company if

The person in question,

- (i) When it has control or joint control over the Company,
 - (ii) When it has significant influence over the Company,
 - (iii) When it is a member of the key management personnel of the Company or of a parent of the Company.
- b) An entity is related to the Company if any of the following conditions exist:
 - (i) When the entity and the Company are members of the same group.
 - (ii) When one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) When both entities are joint ventures of the same third party.
 - (iv) When one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) When the entity has a post-employment benefit plan for the employees of the Company or an entity related to the Company. If the Company itself has such a plan, the sponsoring employers are also related to the Company.
 - (vi) If the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties. In the ordinary course of business, the Company may enter into certain business relationships with related parties.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Accounting Policies (Continued)

Dividend Liabilities

Dividend liabilities are recognized as a liability in the consolidated financial statements in the period in which they are declared as part of profit distribution.

Government Grants and Assistance

Government grants are recognized at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached to them. Government grants related to costs are recognized as income over the periods necessary to match them with the costs they are intended to compensate. Government grants related to intangible assets are classified as deferred income and are credited to the income statement on a straight-line basis over the expected useful lives of the related assets.

Earnings Per Share

Earnings per share disclosed in the consolidated statement of profit or loss are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. In Turkey, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. These "bonus share" distributions are treated as issued shares in the earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is adjusted retrospectively for the effects of these share distributions.

Cash Flow Statement

The Group prepares a cash flow statement as an integral part of its other financial statements to provide information to financial statement users about changes in net assets, financial structure, and the ability to affect the amounts and timing of cash flows in response to changing conditions. Cash flows for the period are classified as operating, investing, and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's operations. Cash flows related to investing activities show the cash flows used in and generated from the Group's investing activities (capital expenditures and financial investments). Cash flows related to financing activities show the sources of financing used by the Group and the repayments of these sources.

Events After the Reporting Period

Events after the balance sheet date include all events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after the announcement of profit or other selected financial information. The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the balance sheet date. Non-adjusting events after the balance sheet date are disclosed in the notes to the consolidated financial statements if they are material and could affect the economic decisions of users of the financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions that could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expenses during the reporting period. Accounting judgments, estimates, and assumptions are continuously evaluated based on historical experience, other factors, and reasonable expectations of future events under current conditions. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and assumptions that could result in significant adjustments to the carrying amounts of assets and liabilities in the next financial reporting period are as follows:

a) Provision for Doubtful Receivables

Provisions for doubtful receivables reflect the amounts that the Group's management believes will cover future losses on receivables that are at risk of not being collected under current economic conditions as of the reporting dates. When assessing whether receivables are impaired, the past performance of debtors, their creditworthiness in the market, and their performance from the balance sheet date to the date of approval of the financial statements, as well as renegotiated terms, are considered. According to TFRS 9, the Group records impairment provisions for receivables as 12-month expected credit losses or lifetime expected credit losses. The Group applies the simplified approach and recognizes lifetime expected losses on trade receivables.

b) Provision for Inventory Impairment

Regarding inventory impairment, inventories are physically inspected and assessed for their age, and their usability is determined based on the opinions of technical personnel. Provisions are made for items estimated to be unusable. In determining the net realizable value of inventories, list sales prices and the average discount rate given during the year are used, and estimates are made for the costs to be incurred for sales.

c) Useful Lives of Assets

The residual values and useful economic lives of the Company's assets are determined by the Company's management at the acquisition date and are regularly reviewed for appropriateness. The Company determines the useful life of an asset based on its expected utility. This assessment is based on the Company's experience with similar assets. When determining the useful life of an asset, the Company also considers the possibility that changes or developments in the market may render the assets technically and/or commercially obsolete.

d) Deferred Tax Assets

Deferred tax assets are recognized when it is probable that taxable income will be generated in future years. Deferred tax assets are calculated by taking into account all temporary differences and tax benefits arising from investment incentive certificates, in cases where it is probable that taxable income will be realized. As of December 31, 2024, and December 31, 2023, deferred tax assets have been recorded to the extent that the assumptions used indicate the likelihood of taxable profit in future periods (Note 28).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Comparative Information and Restatement of Prior Period Financial Statements

To identify financial position and performance trends, the Group's consolidated financial statements are prepared on a comparative basis with the previous period.

2.6 Going Concern

The Group has prepared its consolidated financial statements based on the going concern principle. As of December 31, 2024, the Group has an unused cash credit limit of TRY 13,162,054,323, which is available to meet liquidity and operational cash flow needs if required. The Group's management has made an assessment regarding the going concern of the entity and has concluded that there are no matters that would create significant uncertainty about the ability to continue operations.

3. SHARES IN OTHER ENTITIES

a) Financial Investments

Financial Assets at Fair Value Through Other Comprehensive Income

	December 31 2024	December 31 2023
Traded on a stock exchange	63,086,439	74,463,112
Not actively traded	810,903	810,903
Total	63,897,342	75,274,015

The details of financial assets traded on a stock exchange are as follows:

	December 31 2024	December 31 2023
Şişe Cam A.Ş.	22,562,401	35,948,966
Sumaş Suni Tahta ve Mobilya Sanayi A.Ş.	31,600,800	26,960,137
Akçansa Çimento Sanayi Ticaret A.Ş.	7,591,763	8,665,195
Bağfaş Bandırma Gübre Sanayi A.Ş.	1,331,475	2,888,814
Total	63,086,439	74,463,112

The movements of financial investments during the period are as follows:

	2024	2023
January 1	75,274,015	94,411,483
Change in fair value Entries	(11,376,673)	(19,137,468)
December 31	63,897,342	75,274,015

It is anticipated that the carrying amounts of financial assets measured at fair value through other comprehensive income, which do not have an active market, are approximately equal to their fair values.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

3. SHARES IN OTHER ENTITIES (Continued)

b) Investments measured using the equity method

The movements of investments accounted for using the equity method during the period are as follows:

	2024	2023
January 1	19,300,512	16,618,145
Shares of profits/(losses) of investments measured using the equity method	2,349,571	2,188,937
Shares of other comprehensive income/(expenses) of Investments measured using the equity method	90,057	493,430
December 31	21,740,140	19,300,512

Summary information regarding the financial statements of the associates is as follows:

	December 31 2024		
	Total Assets	Total Liabilities	Effective shareholding voting rights%
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	156,225,037	99,188,899	38
Kale İda Sağlık ve Turizm HizmeTRYeri A.Ş.	482,984	150,946	20
Total	156,708,021	99,339,845	

January 1-December 31 2024	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic.	404,775,241	6,227,773	236,991
Kale İda Sağlık ve Turizm HizmeTRYeri A.Ş.	-	(84,915)	-
Total	404,775,241	6,142,858	236,991

	December 31 2023		
	Total assets	Total liabilities	Effective Shareholdings Voting Rights%
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	155,878,776	105,404,318	38
Kale İda Sağlık ve Turizm HizmeTRYeri A.Ş.	633,892	32,801	20
Total	156,512,668	105,437,119	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

3. SHARES IN OTHER ENTITIES (Continued)

January 1-December 31 2023	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic.	418,136,184	5,804,403	1,298,499
Kale İda Sağlık ve Turizm HizmeTRİYeri A.Ş.	-	(83,682)	-
Total	418,136,184	5,720,721	1,298,499

b) Subsidiaries

As of December 31, 2024, and December 31, 2023, the consolidated subsidiaries are as follows:

December 31 2024	Country	Business Activity	Ordinary Shares held by the company percentage(%)	Ordinary Shares held by the group percentage(%)
Kale Italia	Italy	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.	Russia	Production	100.00	100.00
Al-Sadaf Porselen ve Seramik Kaşı Üretimi Limited Şirketi	Iraq	Production	49.00	49.00
Kaleseramik Seramik Ticareti ve Üretimi Limited Şirketi	Iraq	Marketing	100.00	100.00

December 31 2023	Ülke	Faaliyet konusu	Ordinary Shares held by the company percentage(%)	Ordinary Shares held by the group percentage(%)
Kale Italia	Italy	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.	Russia	Production	100.00	100.00

4. SEGMENT REPORTING

The Executive Committee is the authority responsible for decision-making within the Group. Management has determined the operating segments based on the reports reviewed by the Executive Committee, which are used to make decisions about resource allocation to the segments and to assess their performance.

The Executive Committee evaluates the Group geographically. Management monitors performance geographically in Turkey and Italy. The Executive Committee assesses the performance of the geographical segments based on profit before tax.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

4. SEGMENT REPORTING (Continued)

Although the Italy geographical segment does not meet the criteria for a reportable segment as defined in TFRS 8, it is closely monitored by the Executive Committee due to its growth potential and the expectation that it will significantly contribute to the Group's revenues in the future. Therefore, management has decided to report it as a separate segment.

a) Revenue

	January 1 – December 31 2024		
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Turkiye	9,897,746,360	-	9,897,746,360
Iraq	50,985,475	-	50,985,475
Italy	-	-	-
Total	9,948,731,835	-	9,948,731,835

	January 1 – December 31 2023		
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Turkiye	14,024,533,498	-	14,024,533,498
Italy	-	-	-
Total	14,024,533,498	-	14,024,533,498

b) Other income and expense explanations

January 1 – December 31 2024	Turkey	Italy	Iraq	Total
Depreciation and amortization expense	(807,443,248)	-	(20,131,226)	(827,574,474)
Net Interest Income/(Expense)	(583,375,927)	-	-	(583,375,927)
Tax Income/(Expense)	(367,734,280)	-	-	(367,734,280)
Shares of profits/(losses) of investments accounted for using the equity method	2,349,571	-	-	2,349,571
January 1 – December 31 2023	Turkey	Italy	Iraq	Total
Depreciation and amortization expense	(713,017,410)	-	-	(713,017,410)
Net Interest Income/(Expense)	(544,807,665)	-	-	(544,807,665)
Tax Income/(Expense)	(120,214,274)	(37,530)	-	(120,251,804)
Shares of profits/(losses) of investments accounted for using the equity method	2,188,937	-	-	2,188,937

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

4. SEGMENT REPORTING (Continued)

c) Assets

	December 31 2024		
	Total Assets	Investments accounted for using the equity method	Purchases of fixed assets
Turkey	15,462,568,067	21,740,140	1,246,075,942
Italy	1,964,192	-	-
Iraq	584,222,867	-	347,390,772
Russia	16,055,568	-	-
Total	16,064,810,694	21,740,140	1,593,466,714
Less: inter-segment adjustments	(589,349,471)	-	-
Total Assets	15,475,461,223	21,740,140	1,593,466,714

	December 31 2023		
	Total Assets	Investments accounted for using the equity method	Purchases of fixed assets
Turkey	18,064,353,436	19,300,512	1,711,808,349
Italy	1,938,310	-	-
Russia	22,031,978	-	-
Total	18,088,323,724	19,300,512	1,711,808,349
Less: inter-segment adjustments	(40,159,920)	-	-
Total Assets	18,048,163,804	19,300,512	1,711,808,349

d) Liabilities

	December 31 2024	December 31 2023
	Turkey	8,083,881,042
Iraq	448,887,977	-
Italy	230,672,541	294,704,133
Russia	15,750,522	17,413,814
Total	8,779,192,082	7,140,895,033
Less: inter-segment adjustments	(593,323,717)	(313,656,326)
Total Liabilities	8,185,868,365	6,827,238,707

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

5. CASH AND CASH EQUIVALENTS

	December 31 2024	December 31 2023
Cash	2,592,464	2,868,001
Banks	1,443,410,256	3,286,579,499
- Demand deposit	39,135,753	186,455,755
- Time deposit	1,404,274,503	3,100,123,744
Other (*)	12,207,442	4,659,190
Total	1,458,210,162	3,294,106,690
Interest Accrual	(38,333,230)	(12,884,028)
Cash and cash equivalents in the statement of cash flows	1,419,876,932	3,281,222,662

(*) As of December 31, 2024 and 2023, other cash and cash equivalents consist of credit card receivables with maturities less than three months.

The Company's cash and cash equivalents as the basis for the cash flow statement as of December 31, 2022 are TRY 553,020,070.

The Group has no blocked deposits as of December 31, 2024 and 2023.

Maturity	Interest Rate (%)	Currency	Currency Balance	TRY Balance	Accrued interest in original currency	Interest Accrual (TRY)	December 31 2024
2 January 2025	1.50	USD	200,000	7,044,660	8	289	7,044,949
2 January 2025	1.00	EUR	20,000	734,858	1	20	734,878
2 January 2025	48.75	TRY	39,200,000	39,200,000	52,285	52,285	39,252,285
2 January 2025	49.00	TRY	308,207	308,207	412	412	308,619
2 January 2025	48.50	TRY	118,653,548	118,653,548	158,688	158,688	118,812,236
15 January 2025	50.50	TRY	1,200,000,000	1,200,000,000	38,121,535	38,121,536	1,238,121,536
				1,365,941,273		38,333,230	1,404,274,503

Maturity	Interest Rate (%)	Currency	Currency Balance	TRY Balance	Accrued interest in original currency	Interest Accrual (TRY)	December 31 2023
2 January 2024	2.50	USD	57,752	1,700,102	12	354	1,700,456
2 January 2024	0.02	EUR	21,657	705,449	-	-	705,449
2 January 2024	41.00	TRY	48,150,320	48,150,320	162,143	162,143	48,312,463
2 January 2024	40.00	TRY	2,990,793,341	2,990,793,341	9,826,029	9,826,029	3,000,619,370
14 February 2024	47.00	TRY	45,890,504	45,890,504	2,895,502	2,895,502	48,786,006
				3,087,239,716		12,884,028	3,100,123,744

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

6. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	December 31 2024	December 31 2023
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	12,374,567	-
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	-	33,820,926
Other	242,226	272,413
Total	12,616,793	34,093,339

b) Trade payables from related parties

	December 31 2024	December 31 2023
Kalenakliyat Seyahat ve Turizm Sanayi ve Ticaret A.Ş.	95,044,715	53,914,891
Kale Holding A.Ş.	25,642,940	65,278,603
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	24,402,254	-
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	8,096,224	7,392,514
Kaleseramik Özel Organize Sanayi Bölgesi	4,850,654	4,956,880
Bodur Gayrimenkul Geliştirme A.Ş.	-	2,654,570
Seramik Araştırma Merkezi A.Ş.	84,780	19,481
Other	508,344	3,993,218
Total	158,629,911	138,210,157

c) Sales of goods and services to related parties

	January 1 - December 31 2024	January 1 - December 31 2023
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş. (*)	348,268,682	393,935,051
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	20,797,021	125,506,580
Kalenakliyat Seyahat ve Turizm A.Ş.	7,328,544	8,696,778
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	2,359,811	5,217,270
Kale Holding A.Ş.	1,689,975	4,791,647
Bodur Gayrimenkul Geliştirme A.Ş.	464,552	78,151
Other	2,681,719	4,381,054
Total	383,590,304	542,606,531

(*) It consists of the amount from the sale of frit.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

6. RELATED PARTY DISCLOSURES (Continued)

d) Purchase of goods and services to related parties

	January 1 - December 31 2024	January 1 - December 31 2023
Kalenakliyat Seyahat ve Turizm A.Ş. (*)	795,401,611	734,762,995
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş. (**)	615,661,184	1,522,644,787
Kale Holding A.Ş. (***)	306,199,646	358,497,414
Kale Seramik Özel Organize Sanayi Bölgesi	38,046,413	82,623,943
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	20,194,683	24,288,571
Kalebodur Gayrimenkul Tic. A.Ş.	15,400,443	-
Bodur Gayrimenkul Geliştirme A.Ş.	1,738,106	25,857,756
Other	5,270,575	3,450,924
Total	1,797,912,661	2,752,126,390

(*) Provides transportation services.

(**) Raw materials are purchased.

(***) Information Technology support, management consultancy etc. are provided.

e) Purchase of financial investments

	January 1 - December 31 2024	January 1 - December 31 2023
H. İbrahim Bodur Holding A.Ş. (*)	-	85,287,704
Total	-	85,287,704

(*) In accordance with the Board of Directors' decision dated January 9, 2023, and numbered 1,786, the Group has decided to cancel and acquire 300 usufruct certificates owned by H. İbrahim Holding A.Ş. A usufruct certificate, as defined in Article 503 of the Turkish Commercial Code, is a type of security that does not grant the holder ownership rights but provides the right to participate in profits.

f) Benefits provided to senior management

Senior management consists of the Board of Directors, the General Manager, and the Deputy General Managers. The fees and similar benefits (seniority) paid to senior management by the Group are as follows:

	January 1 - December 31 2024	January 1 - December 31 2023
Short-term benefits provided to employees	54,187,535	64,043,029
Long-term benefits provided to employees	4,803,665	1,319,193
Total	58,991,200	65,362,222

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

7. TRADE RECEIVABLES AND BORROWINGS

a) Trade receivables from third parties

	31 December 2024	31 December 2023
Trade receivable	841,708,960	822,947,315
Notes receivable	795,407,765	1,109,290,352
Bank-guaranteed receivables	429,184,637	672,257,885
Provision for doubtful debts	(140,326,446)	(158,568,610)
Total	1,925,974,916	2,445,926,942

Expected credit loss as follows:

	2024	2023
January 1	158,568,610	145,504,054
Provision expense for doubtful debts	58,850,215	108,534,136
Written-off receivables	(24,456,423)	(24,032,651)
Foreign exchange differences	693,778	7,239,408
Monetary gain loss	(53,329,734)	(78,676,337)
December 31	140,326,446	158,568,610

December 31 2024	Not overdue	1 - 30 days past due	1 - 3 months past due	More than 3 months past due	Total
Gross balance at the end of the period	1,670,221,185	165,341,492	29,222,198	201,516,487	2,066,301,362
Expected credit loss	-	-	-	(140,326,446)	(140,326,446)
					1,925,974,916

December 31 2023	Not overdue	1 - 30 days past due	1 - 3 months past due	More than 3 months past due	Total
Gross balance at the end of the period	2,098,459,840	203,285,623	66,023,888	236,726,201	2,604,495,552
Expected credit loss	-	-	-	(158,568,610)	(158,568,610)
					2,445,926,942

b) Trade payables to third parties

	December 31 2024	December 31 2023
Short-term trade payables		
Trade Payable	1,734,242,774	1,856,809,138
Expense accruals	3,596,531	24,363,562
Unincurred finance expense	(60,075,526)	(59,970,515)
Total	1,677,763,779	1,821,202,185

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

7. TRADE RECEIVABLES AND BORROWINGS (Continued)

	December 31 2024	December 31 2023
Long-term trade payables		
Trade payable	151,742,053	388,450,442
Unincurred finance expense	(13,358,251)	(53,319,215)
Total	138,383,802	335,131,227

8. OTHER RECEIVABLES AND PAYABLES

	December 31 2024	December 31 2023
Other short-term receivables from third parties:		
Receivables from the tax office	91,432,917	109,477,646
Other	2,498,715	80,756,890
Total	93,931,632	190,234,536

	December 31 2024	December 31 2023
Other short-term payables to third parties:		
Deposits and guarantees received	4,246,006	3,968,681
Other(*)	14,992,074	1,029
Total	19,238,080	3,969,710

(*) It consists of debts located in Iraq.

9. INVENTORY

	December 31 2024	December 31 2023
Raw materials and supplies	422,308,863	363,730,043
Semi-finished goods	206,241,716	257,376,483
Finished goods	2,123,801,174	2,774,621,699
Trade goods	256,548,398	247,910,995
Goods in transit	437,132,780	467,637,220
Provision for inventory impairment	(126,861,670)	(157,117,068)
Total	3,319,171,261	3,954,159,372

The movements of the inventory impairment provision during the period are as follows:

	2024	2023
January 1	157,117,068	282,002,867
Inventory impairment provision expense/(reversed provision)	(30,255,398)	(124,885,799)
December 31	126,861,670	157,117,068

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

10. PREPAID EXPENSES AND DEFERRED REVENUES

a) Prepaid Expenses

31 December 2024 31 December 2023

Short-term Prepaid Expenses:	31 December 2024	31 December 2023
Advances Given (*)	218,283,409	174,792,557
Expenses for Future Months	37,308,950	33,256,054
Total	255,592,359	208,048,611

(*) The related amount mainly consists of advances given for inventory purchases.

31 December 2024 31 December 2023

Long-term Prepaid Expenses:	31 December 2024	31 December 2023
Advances Given (*)	56,702,665	-
Expenses for Future Months	5,040,000	-
Total	61,742,665	-

(*) The related amount mainly consists of advances given for inventory purchases.

b) Deferred Revenue

31 December 2024 31 December 2023

Advances received (*)	189,753,722	470,856,139
Total	189,753,722	470,856,139

(*) Advances received mainly consist of amounts received by the Group from its dealers.

11. INVESTMENT PROPERTIES

	2024	2023
January 1	353,842,153	297,387,007
Fair Value Change (Note 25)	(8,788,398)	61,745,493
Foreign exchange differences	(27,304,733)	(5,290,347)
December 31	317,749,022	353,842,153

The Group has used the comparable sales method to determine the fair values of its 14 plots of land, which include 4 buildings in Istanbul, 9 in Russia, 3 in Tekirdağ, 1 in Istanbul, and 1 in Çanakkale. These measurements are classified as Level 2. There is no rental income or direct expensed cost from investment properties for the year ended December 31, 2024 (December 31, 2023: None).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

12. PROPERTY, PLANT AND EQUIPMENT

	January 1 2024	Additions	Disposals	Transfers	December 31 2024
Cost Value:					
Land and plots	397,823,711	2,033,674	-	-	399,857,385
Underground and above ground layouts	1,319,238,586	-	(188,918,054)	104,310,061	1,234,630,593
Buildings	3,506,308,935	-	(198,723,642)	64,477,766	3,372,063,059
Plant, machinery and equipment	15,863,636,878	1,277,212	(2,213,487,602)	832,800,461	14,484,226,949
Vehicles	30,734,593	-	(2,104,627)	6,645,298	35,275,264
Fixed assets	482,031,014	8,631,384	(78,996,813)	39,518,762	451,184,347
Special costs	127,978,517	38,903	(39,486)	70,070,084	198,048,018
Construction in progress	752,026,556	1,423,460,799	-	(1,179,379,631)	996,107,724
Total	22,479,778,790	1,435,441,972	(2,682,270,224)	(61,557,199)	21,171,393,339
Accumulated depreciation:					
Underground and above ground layouts	(1,017,227,813)	(34,753,524)	187,807,877	-	(864,173,460)
Buildings	(2,087,828,540)	(81,239,018)	158,750,297	-	(2,010,317,261)
Plant, machinery and equipment	(12,888,725,944)	(510,020,159)	2,193,269,961	-	(11,205,476,142)
Vehicles	(29,023,257)	(1,763,858)	2,104,627	-	(28,682,488)
Fixed assets	(403,619,258)	(32,268,531)	78,920,986	-	(356,966,803)
Special costs	(125,620,622)	(15,499,393)	39,486	-	(141,080,529)
Total	(16,552,045,434)	(675,544,483)	2,620,893,234	-	(14,606,696,683)
Net book value	5,927,733,356				6,564,696,656

As of December 31, 2024, there are no pledges, mortgages, or liens on tangible fixed assets (December 31, 2023: None).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

12. PROPERTY, PLANT AND EQUIPMENT(Continued)

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
Maliyet:					
Land and plots	397,823,711	-	-	-	397,823,711
Underground and above ground layouts	1,209,008,257	-	-	110,230,329	1,319,238,586
Buildings	3,391,829,011	122,000	(37,310,934)	151,668,858	3,506,308,935
Plant, machinery and equipment	14,299,644,794	-	(89,867,528)	1,653,859,612	15,863,636,878
Vehicles	30,144,768	399,508	-	190,317	30,734,593
Fixed assets	444,184,564	18,133,696	(383,720)	20,096,474	482,031,014
Special costs	127,978,517	-	-	-	127,978,517
Construction in progress	1,153,273,723	1,534,798,423	-	(1,936,045,590)	752,026,556
Total	21,053,887,345	1,553,453,627	(127,562,182)	-	22,479,778,790
Accumulated depreciation:					
Underground and above ground layouts	(988,845,646)	(28,382,167)	-	-	(1,017,227,813)
Buildings	(2,041,589,231)	(79,634,977)	33,395,668	-	(2,087,828,540)
Plant, machinery and equipment	(12,571,910,196)	(406,420,007)	89,604,259	-	(12,888,725,944)
Vehicles	(27,942,178)	(1,081,079)	-	-	(29,023,257)
Fixed assets	(374,661,550)	(29,156,603)	198,895	-	(403,619,258)
Special costs	(119,683,187)	(5,937,435)	-	-	(125,620,622)
Total	(16,124,631,988)	(550,612,268)	123,198,822	-	(16,552,045,434)
Net book value	4,929,255,357				5,927,733,356

The details of period depreciation for tangible fixed assets are as follows;

	31 December 2024	31 December 2023
Cost of sales	627,212,799	519,706,776
Marketing expenses	7,860,379	12,376,186
General and administrative expenses	30,731,525	11,618,057
Research and development expenses	9,739,780	6,911,249
Total	675,544,483	550,612,268

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

13. INTANGIBLE ASSETS

	1 January 2024	Additions	Disposals	Transfers	31 December 2024
Cost:					
Computer software	204,253,542	-	(26,642,617)	18,305,786	195,916,711
Development costs	907,421,585	158,024,742	(20,379,819)	43,251,413	1,088,317,921
Total	1,111,675,127	158,024,742	(47,022,436)	61,557,199	1,284,234,632
Accumulated amortization:					
Computer software	(100,083,624)	(14,582,728)	26,640,304	-	(88,026,048)
Development costs	(609,051,961)	(82,484,498)	20,379,819	-	(671,156,640)
Total	(709,135,585)	(97,067,226)	47,020,123	-	(759,182,688)
Net book value	402,539,542				525,051,944

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

13. INTANGIBLE ASSETS (Continued)

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
Cost:					
Computer software	204,253,542	-	-	-	204,253,542
Development costs	749,066,863	158,354,722	-	-	907,421,585
Total	953,320,405	158,354,722	-	-	1,111,675,127
Accumulated amortization:					
Computer software	(81,726,336)	(18,357,288)	-	-	(100,083,624)
Development costs	(551,885,407)	(57,166,554)	-	-	(609,051,961)
Total	(633,611,743)	(75,523,842)	-	-	(709,135,585)
Net book value	319,708,662				402,539,542

The details of period amortization regarding intangible assets are as follows;

	31 December 2024	31 December 2023
Cost of sales	848,592	2,760,948
Marketing expenses	608,463	1,037,670
General and administrative expenses	6,776,366	10,194,327
Research and development expenses	88,833,805	61,530,897
Total	97,067,226	75,523,842

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

14. RIGHT OF USE

	31 December 2024		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2024	227,263,829	192,945,655	420,209,484
Additions	68,272,372	18,543,147	86,815,519
31 December 2024	295,536,201	211,488,802	507,025,003
Accumulated depreciation:			
Opening balance as of January 1, 2024	(224,609,989)	(131,089,739)	(355,699,728)
Period expense	(16,165,242)	(38,797,523)	(54,962,765)
31 December 2024	(240,775,231)	(169,887,262)	(410,662,493)
Net book value	54,760,970	41,601,540	96,362,510
	31 December 2023		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2023	212,926,087	147,129,082	360,055,169
Additions	14,337,742	45,816,573	60,154,315
31 December 2023	227,263,829	192,945,655	420,209,484
Accumulated depreciation:			
Opening balance as of January 1, 2023	(173,850,861)	(94,967,567)	(268,818,428)
Period expense	(50,759,128)	(36,122,172)	(86,881,300)
31 December 2023	(224,609,989)	(131,089,739)	(355,699,728)
Net book value	2,653,840	61,855,916	64,509,756
The details of period depreciation for right-of-use assets are as follows;			
	31 December 2024	31 December 2023	
Cost of sales	6,636,619	13,940,780	
Marketing expenses	28,413,072	56,025,713	
General and administrative expenses	18,687,888	15,371,316	
Research and development expenses	1,225,186	1,543,491	
Total	54,962,765	86,881,300	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

15. BORROWINGS

	31 December 2024		
	Interest Range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	26.93 -55.00	2,172,259,765	2,172,259,765
TRY bond issuances	45.88	655,208,290	655,208,290
US dollar bank loans	6.50-7.70	41,332,015	1,455,849,967
Total short-term borrowings			4,283,318,022
Short-term portions of total long-term borrowings:			
TRY credits	8.5-58.05	59,164,635	59,164,635
US dollar bank loans	7.13-11.27	3,898,664	137,323,794
Euro bank loans	6.72-6.74	1,687,879	62,017,569
TRY liabilities from leasing	35.12-41.89	30,192,896	30,192,896
Short-term portions of total long-term borrowings:			288,698,894
Long-term borrowings:			
TRY credits	8.5-58.05	14,907,954	14,907,954
TRY bond issuances	51.95	400,000,000	400,000,000
US dollar bank loans	7.13-11.27	7,051,504	248,377,243
Euro bank loans	6.72-6.74	2,771,044	101,816,175
TRY liabilities from leasing	14.30-39.40	66,544,298	66,544,298
Total long-term borrowings			831,645,670
Total Borrowings			5,403,662,586
	31 December 2023		
	Interest range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	26.93 -52.01	1,817,233,579	1,817,233,579
US dollar bank loans	9.50-9.75	2,714,145	115,357,979
Other Short-term Borrowings			
Credit cards	19	155,306,942	155,306,942
Total short-term borrowings			2,087,898,500
Short-term portions of total long-term borrowings			
TRY credits	8.5-46.34	181,023,916	181,023,916
US dollar bank loans	8.28 -11.27	5,213,170	221,572,822
Euro bank loans	7.05-7.07	1,597,610	75,135,259
TRY liabilities from leasing	35.10	21,919,615	21,919,615
Short-term portions of total long-term borrowings			499,651,612
Long-term borrowings:			
TRY credits	8.5-39.95	171,142,452	171,142,452
US dollar bank loans	8.28 -11.27	10,756,562	457,180,899
Euro bank loans	7.05-7.07	4,155,293	195,422,584
TRY liabilities from leasing	35.10	26,297,767	26,297,767
Total long-term borrowings			850,043,702
Total Borrowings			3,437,593,814

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

15. BORROWINGS (Continued)

s of December 31, 2024 and 2023, the loan borrowings table is as follows:

	Credits	Lease Liabilities	Total
1 January 2024	3,389,376,432	48,217,382	3,437,593,814
Cash inflows during the period	6,347,953,933	-	6,347,953,933
Cash outflows during the period	(3,017,560,770)	(73,596,904)	(3,091,157,674)
Additions to lease liabilities	-	86,815,519	86,815,519
Exchange rate difference	244,553,667	-	244,553,667
Interest accrual	(175,302,867)	49,920,957	(125,381,910)
Monetary loss/gain	(1,482,095,003)	(14,619,760)	(1,496,714,763)
31 December 2024	5,306,925,392	96,737,194	5,403,662,586
Cash and cash equivalents			1,458,210,162
Net debt			3,945,452,424
	Credits	Lease Liabilities	Total
1 January 2023	3,359,665,973	67,341,812	3,427,007,785
Cash inflows during the period	7,110,830,904	-	7,110,830,904
Cash outflows during the period	(5,782,417,318)	(68,296,315)	(5,850,713,633)
Additions to lease liabilities	-	60,154,315	60,154,315
Exchange rate difference	520,911,562	-	520,911,562
Interest accrual	(84,369,543)	19,208,261	(65,161,282)
Monetary loss/gain	(1,735,245,146)	(30,190,691)	(1,765,435,837)
31 December 2023	3,389,376,432	48,217,382	3,437,593,814
Cash and cash equivalents			3,294,106,690
Net debt			143,487,124

The repayment schedule of long-term financial debts as of December 31, 2024, and 2023 is as follows:

	31 December 2024	31 December 2023
2025	-	456,373,532
2026	618,122,246	193,668,290
2027	142,205,060	122,989,716
2028	50,035,235	54,029,867
2029	21,283,129	22,982,297
Total	831,645,670	850,043,702

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions

	31 December 2024	31 December 2023
Provision for litigation	21,346,906	25,792,384
Cost expense provision	895,897	-
Total	22,242,803	25,792,384

Movements in litigation provisions during the period are as follows:

	2024	2023
1 January	25,792,384	76,094,118
(Unrelated)/provision expense (Note 24)	4,454,523	(23,929,922)
Monetary loss gain	(8,900,001)	(26,371,812)
31 December	21,346,906	25,792,384

The movements of cost expense provisions during the period are as follows:

	2024	2023
1 January	-	21,248,095
Provision expense	895,897	(16,853,984)
Monetary loss gain	-	(4,394,111)
31 December	895,897	-

b) Contingent assets and liabilities

The Group's received collateral/pledge/mortgage ("CPM") position is as follows:

	Original currency	31 December 2024		31 December 2023	
		Original amount	TRY equivalent	Original amount	TRY equivalent
CPM received	TRY	2,926,668,331	2,926,668,331	3,489,930,261	3,489,930,261
Total		2,926,668,331		3,489,930,261	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The Group's received collateral/pledge/mortgage ("CPM") position is as follows:

	Original Currency	31 December 2024	
		Original Amount	TRY Equivalent
A. Total amount of CPM's given on behalf of its own legal entity	TRY	2,600,228,660	2,600,228,660
	USD	6,779,467	238,795,200
	Euro	7,506,940	275,826,745
B. Total amount of CPM's given in favor of partnerships included in the scope of full consolidation		-	-
C. The total amount of CPM's given by other third parties to secure their debts for the purpose of carrying out their ordinary commercial activities		-	-
D. Total amount of other CPM's given			
i. Total amount of CPM's given in favor of the parent company		-	-
ii. Total amount of CPM's given in favor of other group companies not included in the scope of Articles B and C		-	-
iii. Total amount of CPM's given in favor of third parties not included in Article C		-	-
Total		3,114,850,605	

	Original Currency	31 December 2023	
		Original Amount	TRY Equivalent
A. Total amount of CPM's given on behalf of its own legal entity	TRY	1,000,967,038	1,000,967,038
	USD	6,733,467	286,189,258
	Euro	9,646,940	453,693,626
B. Total amount of CPM's given in favor of partnerships included in the scope of full consolidation		-	-
C. The total amount of CPM's given by other third parties to secure their debts for the purpose of carrying out their ordinary commercial activities		-	-
D. Total amount of other CPM's given			
i. Total amount of CPM's given in favor of the parent company		-	-
ii. Total amount of CPM's given in favor of other group companies not included in the scope of Articles B and C		-	-
iii. Total amount of CPM's given in favor of third parties not included in Article C		-	-
Total		1,740,849,922	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

17. BENEFITS PROVIDED TO EMPLOYEES

a) Debts within the scope of employee benefits

	31 December 2024	31 December 2023
Social security deductions payable	86,277,299	130,628,015
Accumulated leave liability	64,871,203	43,770,537
Debts to personnel	3,378,956	1,187,060
Total	154,527,458	175,585,612

b) Short-term provisions for employee benefits

	31 December 2024	31 December 2023
Personnel bonus provision	19,745,259	12,272,196
Total	19,745,259	12,272,196

Movement of personnel bonus provisions is as follows:

	31 December 2024	31 December 2023
1 January	12,272,196	93,840,292
Provision expense	19,745,259	16,039,495
Payments made	(8,500,000)	(74,434,100)
Monetary loss gain	(3,772,196)	(23,173,491)
31 December	19,745,259	12,272,196

c) Long term provisions for employee benefits

	31 December 2024	31 December 2023
Provision for severance pay	380,908,070	381,485,051

The severance pay provision is calculated within the framework of the explanations below.

In accordance with the provisions of the Labor Law in force, there is an obligation to pay the legal severance pay to employees whose employment contracts have ended in a way that entitles them to severance pay. In addition, according to Article 60 of the Social Security Law No. 506, which is currently in force and amended by Laws No. 2422 dated March 6, 1981 and No. 4447 dated August 25, 1999, there is also an obligation to pay legal severance pay to those who have earned the right to leave work by receiving severance pay. The compensation to be paid is one month's salary for each year of service and this amount is limited to TRY 46,655.43 (December 31, 2023: 35,058.58) as of December 31, 2024.

The severance pay obligation is not subject to any legal funding.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

17. BENEFITS PROVIDED TO EMPLOYEES (Continued)

The obligation for severance pay is calculated based on the present value of the potential liability arising from the retirement of Group employees. According to TAS 19, "Employee Benefits," the Group develops its obligations using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in calculating total liabilities are specified below:

	31 December 2024	31 December 2023
Discount rate	27.50%	25.00%
Turnover rate ratio for estimating retirement probability	95.40%	93.68%

The movements of the severance pay provision during the period are as follows:

	2024	2023
1 January	381,485,051	609,053,963
Service cost	47,334,723	95,399,396
Interest cost	87,993,821	52,462,454
Payments made	(192,753,707)	(465,391,745)
Remeasurement losses	192,908,283	311,353,269
Monetary loss gain	(136,060,101)	(221,392,286)
31 December	380,908,070	381,485,051

As of December 31, 2024 and 2023, a sensitivity analysis was performed on the following important assumptions in the calculation of the severance pay provision:

31 December 2024 Sensitivity Level	Interest Rate		Inflation rate	
	%1 Increase	%1 Decrease	%1 Increase	%1 Decrease
Change	(99)%	11%	11%	(10)%
Net Effect on Severance Pay Obligation	(35,524,002)	41,026,690	41,910,023	(36,730,672)

31 December 2023 Sensitivity Level	Interest Rate		Inflation rate	
	%1 Increase	%1 Decrease	%1 Increase	%1 Decrease
Change	(10)%	11%	11%	(10)%
Net Effect on Severance Pay Obligation	(36,258,369)	42,182,881	42,923,807	(37,367,289)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2024	31 December 2023
Excess Value Added Tax ("VAT")	21,540,532	54,880,478
Other	2,186,990	1,472,038
Total	23,727,522	56,352,516

b) Other short-term liabilities

	31 December 2024	31 December 2023
Taxes and funds payable	21,012,895	16,299,397
Total	21,012,895	16,299,397

19. DERIVATIVE ASSETS AND LIABILITIES

	31 December 2024		31 December 2023	
	Fair Values	Fair Values	Fair Values	Fair Values
	Assets	Liability	Assets	Liability
Foreign currency forward transactions	-	-	-	8,840,835
Total	-	-	-	8,840,835

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid-in capital and capital adjustment differences

As of 31 December 2024, the Group's capital consists of 1,645,924,817 issued shares, each with a nominal value of TRY 0.3127595 (31 December 2023: TRY 0.3127595; 1,645,924,817 shares). The Group's shareholders and their shares in the capital are as follows with historical values:

	31 December 2024	Partnership Share (%)	31 December 2023	Partnership Share (%)
H. İbrahim Bodur Holding A.Ş.	315,205,881	61.23	315,205,881	61.23
Halka açık kısım	109,390,465	21.25	109,390,465	21.25
Victory International AG	74,000,000	14.38	74,000,000	14.38
Dr.(H.c.) Hatice Zeynep Bodur Okyay	8,049,677	1.56	8,049,677	1.56
Zehra Sevim Bodur	3,595,307	0.7	3,595,307	0.7
Dr.(H.c) İbrahim Bodur Kaleseramik				
Eğitim Sağlık ve Sosyal Yardım Vakfı	2,912,683	0.57	2,912,501	0.57
Süleyman Bodur	174,193	0.03	174,193	0.03
Other Partners	1,450,455	0.28	1,450,637	0.28
Total	514,778,661		514,778,661	
Capital adjustment differences	8,285,125,328		8,285,125,328	
Total paid-in capital	8,799,903,989		8,799,903,989	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

At the Extraordinary General Assembly meeting of the company dated March 10, 2023, it was decided to increase the current registered capital ceiling of TRY 497,957,727 to TRY 1,000,000,000 for a 5-year period (2023 - 2027) with the amendment made to Article 6 of the articles of association. The relevant decision was registered on March 14, 2023 and announced in the Trade Registry Gazette dated March 14, 2023.

In addition, at the Board of Directors meeting of the Group held on April 14, 2023, it was decided that the issued capital of TRY 405,388,195.51 within the registered capital ceiling of TRY 1,000,000,000 would be increased by TRY 109,390,465 (indexed amount: TRY 198,413,550) in cash on July 26, 2023, to TRY 514,778,660.51, all of which would be paid in cash.

The Group shares, TRY 25.00 share price, 21.25% free float rate and gross TRY 2,734,761,625 (before indexation) public offering size were approved by the Capital Markets Board as of July 13, 2023, and started to be traded on Borsa İstanbul A.Ş. as of July 27, 2023.

In accordance with the Board of Directors' decision dated January 9, 2023, the Group decided to cancel and purchase 300 dividend certificates belonging to H. İbrahim Holding A.Ş. A dividend certificate is a type of security that does not grant the owner the right to share ownership but the right to participate in profits, as defined in Article 503 of the Turkish Commercial Code. The dividend certificate fee was paid on May 17, 2023.

b) Share issue premiums

With the public offering of new shares representing the nominal value capital of TRY 109,390,465 issued due to the increase of the Company's issued capital of TRY 405,388,196 within the registered capital ceiling of TRY 1,000,000,000 to TRY 514,778,661 by completely restricting the preemptive rights of the existing partners, a gross public offering income of TRY 2,734,761,625 was obtained. After the public offering cost of TRY 93,173,983, the net public offering income became TRY 2,641,587,642 (Amount indexed according to CPI: TRY 4,210,969,351).

c) Restricted Reserves Separated from Profit

According to the Turkish Commercial Code (TCC), legal reserves are divided into two categories: first and second-tier legal reserves. First-tier legal reserves are set at 5% of the statutory net profit until the Group's paid-in capital reaches 20%. Second-tier legal reserves consist of 10% of distributed profits exceeding 5% of the paid-in capital. Legal reserves can only be used to offset losses as long as they do not exceed 50% of the paid-in capital.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The above-mentioned reserves should be classified under "Restricted Reserves Separated from Profit". These reserves are shown based on their amounts in legal records and are associated with differences arising from evaluations conducted under the Turkish Financial Reporting Standards (TFRS) in relation to past years' profits and losses. Below, you'll find further details about the restricted reserves separated from profits:

31 December 2024 (In accordance with TFRS)	Nominal Value	Inflation Correction Effect	Indexed Value
Capital	514,778,661	8,285,125,328	8,799,903,989
Share issue premium	2,639,497,177	2,258,554,071	4,898,051,248
Legal reserves	44,044,061	212,239,797	256,283,858

31 December 2024 (In accordance with VUK)	Nominal Value	Inflation Correction Effect	Indexed Value
Capital	514,778,661	3,295,460,220	3,810,238,881
Share issue premium	2,639,497,177	2,164,621,965	4,804,119,142
Legal reserves	44,044,061	278,540,486	322,584,547

b) Dividend Distribution

Non-public joint-stock companies that do not have their shares traded on the stock exchange are primarily required to distribute their first dividends in cash. However, those companies falling outside the scope of the independent audit exemption specified in the Capital Markets Board's (CMB) Communiqué Series: IV, No: 39 regarding Exemption Conditions for Issuers and Removal from CMB Registration may distribute their first dividends in cash and/or in the form of shares. Companies wishing to distribute the first dividend partially or entirely in the form of shares must collect requests from their shareholders through an announcement published in a nationally circulated two-day newspaper, at least one month before the start date of the ordinary general assembly meeting specified in Article 368 of the Turkish Commercial Code. The request collection period must be at least 15 days. Shareholders who do not make requests or cannot be located are considered to have chosen the cash payment option for dividends. For companies operating under the equity capital system, if there is demand for distributing the first dividend partially or entirely in the form of shares based on the collected requests, the proposal for amendment to the article will be submitted to the general assembly meeting where the capital increase decision will be made, in accordance with the timeframes related to the invitation to the meeting, and the CMB's opinion will be obtained. Companies are required to specify the first dividend rate in their articles of association. The first dividend amount for companies should not be less than 20% of the distributable profit remaining after deducting legal reserves, taxes, funds, and other financial payments, as well as any losses from previous years.

The dividend on shares is distributed to all outstanding shares as of the end of the reporting period, without applying the pro-rata basis, regardless of their issuance and acquisition dates.

The shares issued by companies under the capital system become eligible for dividends as of the fiscal period in which the capital increase is registered.

Shares issued by companies under the registered capital system become eligible for dividends as of the fiscal period in which the circular regarding the right to purchase new shares is published. If the sales period of the shares to be issued due to a cash capital increase ends within the fiscal period, the shares are sold starting from the date following the last day of the fiscal period, with the profit distribution coupons for the previous periods being canceled.

The Group does not have a distributable profit for the year 2024 subject to dividend distribution. (2023: None). As of December 31, 2024, the Group has made dividend payments of TRY 100,000,000 and TRY 115,748,785, respectively, in nominal and indexed amounts.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

e) Non-controlling Interests

The amounts corresponding to non-main partnership shares are deducted from all equity account group items including paid/issued capital of the subsidiaries within the scope of consolidation and are shown under the "non-controlling interests" item in the equity account group in the consolidated statement of financial position. The portion corresponding to non-main partnership shares from the total comprehensive income or expenses of the subsidiaries within the scope of consolidation is shown under the distribution of total comprehensive income/(expense) item after the total comprehensive income/(expense) item as non-controlling interests.

On January 16, 2024, the Group acquired 49% of the issued capital of Al-Sadaf Porcelain and Ceramics Kası Production Ltd. Şti. for a total of TRY 15,090,997. The Group accounted for the Company with the full consolidation method within the scope of TFRS 10. Accordingly, the non-controlling interests of TRY (5,678,955) formed were accounted under equity as the "subsidiary acquisition" effect.

With the decision of the board of directors dated February 14, 2024, the Group increased the capital of Al-Sadaf Porcelain and Ceramics Kası Üretimi Ltd. Şti. to 12,465,554,122 Iraqi Dinars (260,908,223 TRY). The company participated in the capital increase in proportion to its shares and made a cash payment of TRY 153,487,022 equivalent to 5,618,121,520 Iraqi Dinars. Accordingly, non-controlling interests also participated in the capital increase in proportion to their shares and the relevant amount of TRY 154,627,746 was recognized in the equity movement table as the effect of "increase due to changes in share ratio that do not result in loss of control in subsidiaries".

21. REVENUE AND COST OF SALES

	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	8,274,457,844	11,667,566,048
Export sales	2,220,170,180	3,194,561,168
Sales returns and sales discounts	(545,896,189)	(837,593,718)
Revenue, net (*)	9,948,731,835	14,024,533,498

(*) All sales consist of instant sales.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

21. REVENUE AND COST OF SALES (Continued)

Cost of sales		
Raw material and material expenses	2,596,091,859	4,248,458,870
General production expenses	2,336,247,015	3,507,622,653
Indirect labor expenses	738,954,012	796,457,576
Direct labor expenses	721,147,343	649,053,196
Depreciation expenses	489,340,610	322,574,815
Change in semi-finished goods stocks	51,134,767	64,592,237
Change in finished goods stocks	708,847,221	111,918,710
Cost of goods sold	7,641,762,827	9,700,678,057
Cost of merchandise sold	860,157,014	977,864,600
Other costs	1,432,569,605	1,140,404,534
Non-working part expense (*)	902,659,753	266,917,897
Semi/Intermediate Product Sales	336,783,562	774,398,641
Inventory impairment/(Non-issued provision)	(30,255,398)	(124,885,799)
Other	223,381,688	223,973,795
Cost of sales	9,934,489,446	11,818,947,191
Gross profit	14,242,389	2,205,586,307

(*) TRY 145,357,400 consist of depreciation expenses. (2023: TRY 213,833,689).

22. OPERATING EXPENSES

a) Marketing Expenses

	1 January – 31 December 2024	1 January – 31 December 2023
Employee benefits	540,141,585	529,117,445
Shipping expense	386,280,312	425,329,281
Advertising expense	291,708,329	290,395,010
Sales campaign expense	128,818,475	127,111,857
Depreciation and amortization expense	36,881,914	69,439,569
Travel expense	26,667,892	46,352,594
Communication expense	11,889,903	10,627,508
Energy expense	3,991,052	3,936,405
Other	140,689,940	103,385,695
Total	1,567,069,402	1,605,695,364

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

22. OPERATING EXPENSES (Continued)

b) General Administrative Expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Management service expense (*)	352,248,217	353,867,874
Employee benefits	205,353,781	328,084,910
Depreciation and amortization expense	56,195,779	37,183,700
Consulting expense	48,613,683	24,369,753
Communication expense	14,794,623	27,298,500
Travel expense	8,438,504	8,585,489
Other	50,578,798	52,934,525
Total	736,223,385	832,324,751

(*) Consists of management expenses reflected to the Group by Kale Holding.

c) Research and development expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Depreciation and amortization expense	99,798,771	69,985,637
Employee benefits	32,821,718	10,725,897
Project material expenses	14,233,921	8,033,944
Maintenance and repair expenses	1,991,891	1,954,996
Consulting expense	780,932	501,117
Other	13,425,083	10,407,178
Total	163,052,316	101,608,769

23. OPERATING EXPENSES BY NATURE

a) Depreciation expenses

	1 Ocak - 31 December 2024	1 Ocak - 31 December 2023
Cost of goods produced	634,698,010	536,408,504
Research and development expenses	99,798,771	69,985,637
Marketing expenses	36,881,914	69,439,569
General and administrative expenses	56,195,779	37,183,700
Total	827,574,474	713,017,410

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

23. OPERATING EXPENSES BY NATURE (Continued)

b) Employee benefits

	1 January - 31 December 2024	1 January - 31 December 2023
Cost of goods produced	1,460,101,355	1,445,510,772
Marketing expenses	540,141,585	529,117,445
General and administrative expenses	205,353,781	328,084,910
Research and development expenses	32,821,718	10,725,897
Total	2,238,418,439	2,313,439,024

24. OTHER INCOME AND EXPENSES FROM MAIN ACTIVITIES

a) Other income from main activities

	1 Ocak - 31 December 2024	1 Ocak - 31 December 2023
Exchange difference income	274,998,433	775,391,085
Derivative fair value difference	126,254,293	1,011,994,863
Rediscount interest income	58,793,900	53,019,037
Non-group service revenues	21,114,918	20,344,989
Insurance damage compensation income	1,140,719	6,601,351
Provisions for lawsuits that are no longer subject to issue (Note 16)	-	23,929,922
Other	27,284,183	5,618,435
Total	509,586,446	1,896,899,682

b) Other expenses from main activities

	1 January - 31 December 2024	1 January - 31 December 2023
Rediscount interest expense	(396,063,223)	(189,253,855)
Exchange rate difference expense	(226,950,905)	(747,547,861)
Donation and aid expenses	(19,692,320)	(61,885,910)
Lawsuit provision expense (Note 16)	(4,454,523)	-
Other	(64,099,454)	(17,332,808)
Total	(711,260,425)	(1,016,020,434)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

25. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

a) Income from investment activities

	1 January - 31 December 2024	1 January - 31 December 2023
Property, plant and equipment sales profit	14,859,597	20,162,562
Rental income	2,608,866	4,251,394
Treasury bill sales profits	1,216,765	3,196,323
Exchange rate protected deposit income	-	80,380,880
Investment properties value increase	-	61,745,493
Total	18,685,228	169,736,652

b) Expenses from investment activities

	1 January - 31 December 2024	1 January - 31 December 2023
Loss on sale of property, plant and equipment	59,267,086	49,000,349
Investment properties decrease in value	8,788,398	-
Total	68,055,484	49,000,349

26. FINANCIAL INCOME AND EXPENSES

a) Financing income

	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	1,145,072,741	657,947,208
Total	1,145,072,741	657,947,208

b) Financing expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Interest expense	(1,728,448,668)	(1,202,754,873)
Exchange rate difference expense	(378,176,196)	(237,561,335)
Bank commission expense	(244,553,666)	(524,927,109)
Total	(2,351,178,530)	(1,965,243,317)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

27. EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

	1 January - 31 December 2024
Financial statement items	(532,862,914)
Inventories	580,888,616
Prepaid expenses	17,632,228
Tangible fixed assets and intangible fixed assets	491,940,780
Other financial assets	40,359,146
Deferred tax assets	629,689,295
Advances received	(670,383)
Paid-in capital	(248,444,500)
Share premiums	(1,135,609,048)
Other accumulated comprehensive income and expenses not to be reclassified to profit or loss	119,761,072
Restricted reserves set aside from profit	(16,250,598)
Retained earnings	(1,012,159,522)
Profit or loss statement items	1,103,256,007
Revenue	(1,428,349,614)
Cost of sales	2,151,161,457
Research and development expenses	(29,882,289)
Marketing expenses	195,221,616
General and administrative expenses	69,231,310
Other income/expenses from operating activities	11,142,674
Income/expenses from investing activities	(8,202,158)
Impairment gains/(losses) determined in accordance with TFRS 9	(4,201,565)
Financing income/expenses	147,134,576
Total	570,393,093

28. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Tax income and expenses included in the profit or loss statements for the periods 1 January - 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Current period corporate tax income/(expense)	-	(105,548,092)
Deferred tax (expense)/income	(367,734,280)	(14,703,712)
Total tax (expense)/income	(367,734,280)	(120,251,804)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

28. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

a) Corporate Tax

	31 December 2024	31 December 2023
Current period tax income/(expense)	-	(105,548,092)
Provisional tax and withholding to be deducted	65,034,406	136,675,784
Current tax related assets	65,034,406	31,127,692

Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements of its subsidiaries and affiliates. For this reason, the tax provisions reflected in these consolidated financial statements are calculated separately for all companies included in the scope of full consolidation. With the amendment made to Article 32 of the Corporate Tax Law by Law No. 7456, the earnings of the corporations in 2023 and the following taxation periods will be subject to a 25 percent corporate tax. In other words, the general rate for the years 2023 and 2024 for the corporate tax is 25 percent. However, in accordance with the same article, the corporate tax rate is applied to the corporate earnings of the corporations whose shares are offered to the public at least at a rate of 20% to be traded on the Borsa Istanbul Equity Market for the first time, starting from the accounting period in which their shares are offered to the public for the first time, with a 2-point discount. In addition, the corporate tax rate for exporting institutions is applied with a 5-point discount on their earnings obtained exclusively from exports (for earnings obtained in 2023 and subsequent tax periods). Similarly, the corporate tax rate for institutions that have an industrial registry document and are actually engaged in production activities is applied with a 1-point discount on their earnings obtained exclusively from production activities. The corporate tax rates in Italy, Russia and Iraq are 24%, 20% and 15%, respectively.

The corporate tax rate is applied to the tax base found by adding expenses that are not deductible according to tax laws to the commercial income of the corporations, and deducting the exemptions (participation income exemptions, investment deduction exemptions, etc.) and deductions (such as R&D deductions) included in the tax laws. If the profit is not distributed, no other tax is paid.

No withholding tax is applied to dividends paid to limited taxpayer corporations that earn income through a workplace or permanent representative in Turkey and to corporation's resident in Turkey. Dividend payments made to persons and corporations other than these are subject to withholding tax at a rate of 10%. Addition of profit to capital is not considered as profit distribution.

Pursuant to the regulation made by Law No. 6009 published in the Official Gazette dated August 1, 2010, the investment deduction amounts earned can be used without any year limitation. In addition, a 23% corporate tax will be calculated on the profit after the deduction according to the current tax rate. The regulation made by Law No. 6009 entered into force on August 1, 2010, to be applied to 2010 profits.

Companies calculate 25% provisional tax on their quarterly financial profits and declare it by the 14th day of the second month following that period and pay it by the evening of the 17th day. The provisional tax paid during the year is for that year and is offset from the corporate tax to be calculated on the corporate tax return to be submitted the following year. If there is a remaining provisional tax amount despite the offset, this amount can be refunded in cash or offset.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

28. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

There is no practice in Turkey such as reaching an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the tax office by the evening of the 25th day of the fourth month following the month in which the accounting period is closed.

The authorities authorized to conduct tax audits may examine accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made.

According to Turkish tax legislation, financial losses shown on the return can be deducted from the corporate income for the period provided that they do not exceed 5 years. However, financial losses cannot be offset from previous year profits.

A new article was added to the bill known to the public as the "Amnesty Law" with the proposal submitted and an additional tax was introduced for corporate taxpayers. The base of this additional tax was defined as the deductions and exceptions on the corporate tax return. The tax in question is a newly created tax. The discussions on the entire bill were completed and the additional tax regulation was enacted. The said article entered into force with the Law No. 7440 on the "Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on March 12, 2023. With the regulation, companies will pay an additional tax of 10% (there are also exceptions that are not included in the scope and are subject to a 5% rate) on the exemption and discount amounts they will deduct on their 2022 corporate tax return and the discounted corporate tax base. The said additional tax has no effect on the 2022 corporate tax provisions. Because, according to the text of the Law, it was determined based on the discount and exemption amounts used independentTRYy of the relevant tax period income. In this context, it will be declared in 2023, paid in two equal installments in April and August 2023, recorded in the 2023 legal books and again, according to the text of the Law, it was not taken into account as an expense in the determination of the tax base.

With the 2022 Corporate Tax Return, 50% of the earthquake tax accrued on May 5, 2023, amounting to TRY 58,807,160, was paid on May 5, while the remaining amount was paid on August 31, 2023.

Turkey began implementing the OECD's Global Minimum Supplementary Corporate Tax regulations (Pillar 2) with the bill submitted to the Turkish Grand National Assembly on July 16, 2024. These regulations came into effect with Law No. 7524, published in the Official Gazette dated August 2, 2024, and numbered 32620. The implementation in Turkey is largely aligned with the OECD's Pillar 2 Model Rules and shows similarities in terms of scope, exemptions, consolidation, tax calculations, and reporting periods. However, the secondary regulation detailing the calculation methods and application procedures has not yet been published. It is expected that specific issues, including Turkey's unique conditions and existing incentives, will be clarified through the relevant Ministry's secondary legislation. These changes have not had a significant impact on the Group's financial position or performance.

Additionally, Article 32/C, tiTRYed "Domestic Minimum Corporate Tax," was added to the Corporate Tax Law through Article 36 of Law No. 7524. According to this regulation, the corporate tax calculated under Articles 32 and 32/A cannot be less than 10% of the corporate income before the application of deductions and exemptions. This regulation entered into force on the date of publication and will apply to corporate income for the 2025 taxation period. Furthermore, Corporate Tax General Communiqué No. 23 was published in the Official Gazette dated September 28, 2024, and numbered 32676.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

28. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

The reconciliation of expected and realized tax income/(expense) for the periods January 1 - December 31, 2024, and 2023 is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Profit before tax	(3,370,903,866)	546,550,787
Tax income/(expense) calculated based on applicable tax rates (%23, %23)	775,307,889	(125,706,681)
Effect of expenses not recognized by law	(52,052,495)	(161,576,213)
Effect of exclusions and discounts	-	160,353,221
Investment incentive discounts resulting in deferred taxes	212,865,962	93,512,276
Permanent differences on which no deferred tax is calculated	(510,450,667)	15,153,190
Effect of revaluation of tangible and intangible Assets	-	167,914,452
Tax rate change effect	-	140,933,563
Earthquake tax effect	-	(84,905,055)
Monetary Gain/Loss	(803,972,370)	(329,381,699)
Other	10,567,402	3,451,142
Total tax income/(expense)	(367,734,279)	(120,251,804)

b) Deferred Tax

The Group calculates deferred tax assets and liabilities by considering the effects of temporary differences arising from different evaluations between the balance sheet items prepared according to the Turkish Financial Reporting Standards (TFRS) and tax legislation. The breakdown of deferred tax assets and liabilities prepared using the prevailing tax rates is as follows:

	Deferred tax asset/(liabilities)	
	31 December 2024	31 December 2023
Severance pay	87,608,856	87,741,562
Incentive investments	701,009,974	704,776,327
Financial assets and derivative instruments reflected in other comprehensive income changes in fair value	1,222,120	(2,826,081)
Stocks	(10,505,755)	(7,368,615)
Provisions	42,604,380	52,256,246
Differences between registered values and tax bases of tangible, intangible assets and investment properties	(158,226,547)	154,955,871
Other, net	5,788,865	715,323
Deferred tax asset, net	669,501,893	990,250,633

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

28. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

Deferred tax liabilities and movements of their assets during the period:

	2024	2023
1 January	990,250,633	918,847,007
Associated with the income statement	(367,734,280)	(14,703,712)
Associated with other comprehensive income	46,985,540	67,209,634
Foreign currency conversion differences	-	18,897,704
31 December	669,501,893	990,250,633

Tax advantages obtained within the scope of the investment incentive system:

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment is partially or fully operated until the investment contribution amount is reached. In this context, as of December 31, 2024, the tax advantage of TRY 701,009,974 (December 31, 2023: TRY 704,776,327, nominal: TRY 488,144,012) that the Group will benefit from in the foreseeable future has been reflected in the consolidated financial statements as a deferred tax asset. As a result of the recognition of the said tax advantage as of December 31, 2024, a deferred tax income of TRY 212,865,962 (current period effect of January 1 - December 31, 2024) has arisen in the consolidated profit or loss statement for the period January 1 - December 31, 2024.

Deferred tax assets are recorded when it is determined that taxable income will be generated in the future years. In cases where taxable income is likely to be generated, deferred tax assets are calculated based on deductible temporary differences, financial losses and tax advantages earned due to unlimited-life investment discounts that allow for reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives on long-term plans and evaluates the recoverability of deferred tax assets related to such investment discounts as of each balance sheet date, based on business models that include taxable profit estimates. It is anticipated that such deferred tax assets will be recovered within 10 years from the balance sheet date.

In the sensitivity analysis conducted as of December 31, 2024, when the inputs included in the basic macroeconomic and sectoral assumptions forming the business plans were increased/decreased by 10%, there was no change in the recovery periods of deferred tax assets related to investment incentives, which were anticipated as 10 years.

29. EARNING/LOSS PER SHARE

	1 January – 31 December 2024	1 January – 31 December 2023
Period profit of the parent company	(3,681,350,763)	426,298,983
Weighted average number of shares available during the period	1,645,924,817	1,591,229,585
Earnings per share	(2.237)	0.268

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Group is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its activities.

The Group's risk management program primarily focuses on minimizing the potential adverse effects of uncertainty in financial markets on the Group's financial performance.

i) Exchange Rate Risk

The Group is exposed to exchange rate risk arising from foreign currencies, including the US Dollar and Euro. This exchange rate risk is monitored through the analysis of foreign exchange positions.

As of December 31, 2024, and 2023, the foreign exchange position expressed in Turkish Lira is as follows:

		31 December 2024			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	456,054,997	7,842,217	3,618,125	1,059,667
2a,	Monetary financial assets	12,911,334	253,375	74,678	28,088
2b,	Non - monetary financial assets	-	-	-	-
3,	Other	442,371,282	1,605,959	1,010,758	7,784
4,	Current assets (1+2+3)	911,337,613	9,701,551	4,703,561	1,095,539
5,	Trade receivables	-	-	-	-
6a,	Monetary financial assets	-	-	-	-
6b,	Non-monetary financial assets	-	-	-	-
7,	Other	-	-	-	-
8,	Fixed assets (5+6+7)	-	-	-	-
9,	Total assets (4+8)	911,337,613	9,701,551	4,703,561	1,095,539
10,	Trade payables	692,579,274	5,255,103	13,604,019	172,357
11,	Financial liabilities	1,655,191,330	45,230,679	1,687,879	-
12a,	Other monetary liabilities	-	-	-	-
12b,	Other non-monetary liabilities	-	-	-	-
13,	Short term liabilities (10+11+12)	2,347,770,604	50,485,782	15,291,898	172,357
14,	Trade payables	138,383,802	-	3,766,273	-
15,	Financial liabilities	350,193,418	7,051,504	2,771,044	-
16a,	Other monetary liabilities	-	-	-	-
16b,	Other non-monetary liabilities	-	-	-	-
17,	Long term liabilities (14+15+16)	488,577,220	7,051,504	6,537,317	-
18,	Total liabilities (13+17)	2,836,347,824	57,537,286	21,829,215	172,357
19,	Off-balance sheet foreign currency derivative instruments asset/(liability) position (19a-19b)	-	-	-	-
19a	In active off-balance sheet foreign currency	-	-	-	-
19b,	In off-balance sheet foreign currency with a passive character	-	-	-	-
20,	Monetary items net foreign currency assets/(liabilities) position 9-18+19)	(1,925,010,211)	(47,835,735)	(17,125,654)	923,182

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2023			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	498,956,309	5,152,342	4,194,418	1,529,957
2a.	Monetary financial assets	133,691,426	946,782	1,986,127	808
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	112,601,347	569,530	1,817,139	54,298
4.	Current assets (1+2+3)	745,249,082	6,668,654	7,997,684	1,585,063
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Fixed assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	745,249,082	6,668,654	7,997,684	1,585,063
10.	Trade payables	459,471,285	4,037,847	9,752,217	155,215
11.	Financial liabilities	412,066,060	7,927,315	1,597,610	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	871,537,345	11,965,162	11,349,827	155,215
14.	Trade payables	335,131,227	-	7,113,116	-
15.	Financial liabilities	652,603,483	10,756,562	4,155,293	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long term liabilities (14+15+16)	987,734,710	10,756,562	11,268,409	-
18.	Total liabilities (13+17)	1,859,272,055	22,721,724	22,618,236	155,215
19.	Off-balance sheet foreign currency derivative instruments asset/(liability) position (19a-19b)	1,213,548,548	22,170,000	5,768,000	-
19a	In active off-balance sheet foreign currency	-	-	-	-
19b	In off-balance sheet foreign currency with a passive character	1,213,548,548	22,170,000	5,768,000	-
20.	Monetary items net foreign currency assets/(liabilities) position 9-18+19)	99,525,575	6,116,930	(8,852,552)	1,429,848

The exchange rate sensitivity analysis table as of December 31, 2024 and 2023 is as follows:

		31 December 2024			
		Profit/(loss)		Equity	
		Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the Euro changes by 10% against the Turkish Lira:					
1.	USD net assets/liabilities	(133,661,092)	133,661,092	-	-
2.	The portion hedged against USD risk (-)	-	-	-	-
3.	USD net effect (1+2)	(133,661,092)	133,661,092	-	-
If the Euro changes by 10% against the Turkish Lira:					
4.	Euro net assets/liabilities	(62,924,619)	62,924,619	-	-
5.	The portion hedged against Euro risk (-)	-	-	-	-
6.	Euro net effect (4+5)	(62,924,619)	62,924,619	-	-
In the event of a 10% change in other exchange rates against the Turkish Lira:					
7.	Net foreign currency assets/liabilities	4,084,692	(4,084,692)	-	-
8.	The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9.	Net effect of other exchange rates (7+8)	4,084,692	(4,084,692)	-	-
Total (3+6+9)		(192,501,019)	192,501,019	-	-

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2023			
		Profit/(loss)		Equity	
		Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the USD changes by 10% against the Turkish Lira:					
1.	USD net assets/liabilities	25,998,488	(25,998,488)	-	-
2.	The portion hedged against USD risk (-)	-	-	-	-
3.	USD net effect (1+2)	25,998,488	(25,998,488)	-	-
If the Euro changes by 10% against the Turkish Lira:					
4.	Euro net assets/liabilities	(41,633,373)	41,633,373	-	-
5.	The portion hedged against Euro risk (-)	-	-	-	-
6.	Euro net effect (4+5)	(41,633,373)	41,633,373	-	-
In the event of a 10% change in other exchange rates against the Turkish Lira:					
7.	Net foreign currency assets/liabilities	3,931,153	(3,931,153)	-	-
8.	The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9.	Net effect of other exchange rates (7+8)	3,931,153	(3,931,153)	-	-
Total (3+6+9)		(11,703,732)	11,703,732	-	-

ii) Interest Rate Risk

The Group is exposed to interest rate risk, which arises from the effect of changes in interest rates on assets and liabilities that have an interest rate. The Group manages this risk by balancing the interest rates of its assets and liabilities or by using financial instruments for hedging purposes.

The interest rates related to borrowings are parTRYy based on the prevailing market interest rates. Therefore, the Group is affected by changes in interest rates in national and international markets. The Group's exposure to market risk arising from changes in interest rates is primarily associated with its debt obligations.

The interest position table, which shows the Group's financial instruments sensitive to interest rates, is as follows:

		31 December 2024		
		Fixed interest	Variable interest rate	Total
Financial assets:				
Cash and cash equivalents		1,404,274,503	-	1,404,274,503
Financial liabilities:				
Borrowings		(3,053,826,595)	(2,349,835,991)	(5,403,662,586)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2023		Total
	Fixed interest	Variable interest rate	
Financial assets:			
Cash and cash equivalents	3,100,123,744	-	3,100,123,744
Financial liabilities:			
Borrowings	(1,928,124,984)	(1,509,468,830)	(3,437,593,814)

The TRY 1,173,320,146 portion (December 31, 2023: TRY 794,111,698) of borrowings with variable borrowing rates is in US Dollars, and the TRY 158,949,790 portion (December 31, 2023: TRY 270,557,844) is in Euros.

If interest rates increase by 1 point as of December 31, 2024 and 2023, the consolidated comprehensive income statement will be affected as follows. In the analysis, it was assumed that all other variables, especially foreign exchange rates, remained constant.

	31 December 2024	31 December 2023
Variable interest financial instruments		
Borrowings	(23,824,726)	(15,304,337)

iii) Price Risk

Price risk arises from financial assets that are ready for sale and traded on the stock exchange. The Group monitors price risk by analyzing the price indices formed in Borsa Istanbul, where the ready-for-sale financial assets are traded.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit Risk

The ownership of financial assets carries the risk of the counterparty failing to fulfill the contract. The Group's credit risk primarily arises from trade receivables. The Group manages this risk arising from its dealers by limiting it with collateral received within the credit limits set for the dealers. The use of credit limits is continuously monitored by the Group, and the customer's credit quality is constantly evaluated by considering the customer's financial position, past experiences, and other factors. Trade receivables are assessed in accordance with Group policies and procedures, and accordingly, after setting aside a provision for doubtful debts, they are shown net in the balance sheet.

	31 December 2024		31 December 2023	
	Trade Receivables Related Party	Trade Receivables Other	Bank Deposits	Financial Investments
The portion of the maximum risk secured by collateral, etc. (A+B+C+D) (*)	12,616,793	1,925,974,916	93,931,632	63,897,342
- The portion of the maximum risk secured by collateral, etc.	-	1,881,134,716	-	-
A. Net book value for the financial assets that are neither overdue nor impaired	12,398,807	1,600,754,182	93,931,632	63,897,342
- Secured part via collateral, etc	-	1,462,468,547	-	-
B. Net book value of financial assets that are overdue but not impaired	217,986	325,220,734	-	-
- Secured part via collateral, etc	-	418,866,169	-	-
C. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	140,326,446	-	-
- Overdue (gross carrying amount)	-	(140,326,446)	-	-
- Impairment (-)	-	-	-	-
- Secured part via collateral, etc	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured part via collateral, etc	-	-	-	-
D. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-

In determining the amount, factors that increase credit reliability, such as collateral received, have not been taken into account.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	Trade Receivables Related Party		Other Receivables Related Party		Other	Bank Deposits	Financial Investments
	Trade Receivables Related Party	Other	Other Receivables Related Party	Other			
The portion of the maximum risk secured by collateral, etc. (A+B+C+D) (*)	34,093,339	2,445,926,942	-	190,234,536	3,286,579,499	75,274,015	
- The portion of the maximum risk secured by collateral, etc.	-	2,445,926,942	-	-	-	-	
A. Net book value for the financial assets that are neither overdue nor impaired	33,847,635	2,098,459,840	-	190,234,536	3,286,579,499	75,274,015	
- Secured part via collateral, etc	-	2,098,459,840	-	-	-	-	
B. Net book value of financial assets that are overdue but not impaired	245,704	347,467,102	-	-	-	-	
- Secured part via collateral, etc	-	347,467,102	-	-	-	-	
C. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	158,568,610	-	-	-	-	
- Overdue (gross carrying amount)	-	(158,568,610)	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	
- Secured part via collateral, etc	-	-	-	-	-	-	
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	
- Secured part via collateral, etc.	-	-	-	-	-	-	
D. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	

In determining the amount, factors that increase credit reliability, such as collateral received, have not been taken into account.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity Risk

Liquidity risk is the risk of a company not being able to meet its funding needs. The balancing of cash inflows and outflows, supported by loans from reputable credit institutions, helps to reduce liquidity risk.

The analysis of non-derivative financial liabilities' maturities reflected in the consolidated balance sheet is as follows:

Non-derivative financial liabilities	31 December 2024				
	Net Book Value	Contractual total cash outflow (=I+II+III)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)
Borrowings	5,306,925,392	5,496,407,099	1,137,810,977	3,526,950,453	831,645,669
Obligations from leasing	96,737,194	191,525,277	16,150,223	48,450,670	126,924,384
Trade payables	1,974,777,492	2,048,211,269	1,612,346,353	284,122,863	151,742,053
Other Debts	19,238,080	19,238,080	19,238,080	-	-
Total	7,397,678,158	7,755,381,725	2,785,545,633	3,859,523,986	1,110,312,106

Non-derivative financial liabilities	31 December 2023				
	Net Book Value	Contractual total cash outflow (=I+II+III)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)
Borrowings	3,389,376,432	3,740,463,553	1,084,051,070	1,680,681,152	975,731,331
Obligations from leasing	48,217,382	87,920,211	9,992,128	29,976,387	47,951,696
Trade payables	2,294,543,569	2,407,833,299	2,019,382,857	-	388,450,442
Other Debts	3,969,710	3,969,710	3,969,710	-	-
Total	5,736,107,093	6,240,186,773	3,117,395,765	1,710,657,539	1,412,133,469

30. Capital Risk Management

While managing capital, the Group's objectives are to provide returns to partners, benefit other shareholders, and maintain the most appropriate capital structure to continue the Group's operations with the aim of reducing the cost of capital.

To maintain or restructure the capital structure, the Group can change the dividend amount paid to partners, return capital to shareholders, issue new shares, and sell assets to reduce borrowings. The management of the Group may use the profits, if any, not for distribution but to finance the growth of the Group. In the near future, cash dividend distributions for ordinary shares are not expected. If they occur, future dividend distributions will be at the discretion of the board of directors.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The net liability/total capital ratio as of December 31, 2024, and 2023 is as follows:

	31 December 2024	31 December 2023
Total financial borrowings	5,403,662,586	3,437,593,814
Less: Cash and cash equivalents	(1,458,210,162)	(3,294,106,690)
Net debt	3,945,452,424	143,487,124
Total shareholders' equity	7,289,592,858	11,220,925,097
Equity	11,235,045,282	11,364,412,221
Net debt/Equity ratio	35.33%	1.26%

31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

The Group classifies fair value measurements, according to the source of inputs for each class of financial instruments, using a three-level hierarchy as follows

- Level 1: Financial assets and liabilities have been valued at exchange prices traded in an active market for identical assets and liabilities.
- Level 2: Financial assets and liabilities have been valued using inputs other than those that can be directly or indirectly observed in the market, such as Level 1 quoted exchange prices for the asset or liability.
- Level 3: Financial assets and liabilities have been valued using inputs that are not based on observable market data when determining the fair value of the asset or liability.

31 December 2024	Level 1	Level 2	Level 3	Total
Gains on financial assets at fair value through other comprehensive income	63,086,439	-	810,903	63,897,342
Investment properties	-	317,749,022	-	317,749,022
Borrowings	-	(4,147,678,734)	-	(4,147,678,734)
Total	63,086,439	(3,829,929,712)	810,903	(3,766,032,370)

31 December 2023	Level 1	Level 2	Level 3	Total
Gains on financial assets at fair value through other comprehensive income	74,463,112	-	810,903	75,274,015
Investment properties	-	353,842,153	-	353,842,153
Borrowings	-	(3,471,475,156)	-	(3,471,475,156)
Derivative financial liabilities	-	(8,840,835)	-	(8,840,835)
Total	74,463,112	(3,126,473,838)	810,903	(3,051,199,823)

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2024.)

32. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

	31 December 2024	31 December 2023
Independent audit fee	4,849,211	7,093,189
Total	4,849,211	7,093,189

33. SUBSEQUENT EVENTS

On January 10, 2025, the Group Board of Directors decided that the Group would issue debt instruments of up to TRY 3,000,000,000, in different maturities, in TRY, to be sold to qualified investors in one or more installments in domestic without a public offering, based on the authority granted to the Board of Directors under Article 8 of the Group Articles of Association. In this context, the Group management was authorized to determine the issuance conditions and conduct the issuance transactions, and an application was made to the Capital Markets Board on January 10, 2025, for approval of the issuance document.

CONTACT

Accounting Period for the Report:	01.01.2024 - 31.12.2024
Commercial Title:	Kaleseramik, Çanakkale Kalebodur Seramik Sanayi Anonim Şirketi
Address of the General Directorate of the Company:	Levent Mh., Prof. Ahmet Kemal Aru Sokak, No: 4 Interior Door No: 1 Beşiktaş/İSTANBUL
Trade Registry No:	Istanbul Trade Registry Office, No: 71314
Tax Office:	Istanbul Large Taxpayers Tax Office
Tax Identification Number:	2290004296
Central Registration System Number:	0229000429600015
Website:	www.kale.com.tr
Phone:	+90 212 371 52 53
Fax:	+90 286 416 88 33
Call Center:	+90 850 800 52 53
Investor Relations Contact:	yatirimci@kaleseramik.com.tr

 **Kale Seramik**