



2024 6-Month Operating Results

September 30, 2024



Legal Reminder

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

In this presentation prepared regarding the financial results of the 2024 Q2, inflation accounting was applied in accordance with the provisions of IAS 29 in line with the Capital Markets Board's Decision dated 28/12/2023, and its independently audited financial data were taken as a basis.

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



2024 6-Month Highlights

- Start of production at Kirkuk factory on May 19 of Al-Sadaf company, in which our Company has 49% share in capital
- Continuing investments in line with growth targets
 - An order of appr. EUR 5.5 mln. worth of investment goods was placed with the Italian company SITI B&T for the production of 120x280 cm. and 60x120 cm. slabs on the existing old granite line, following the renovation and development process
 - Signing an agreement with System Ceramics for an investment of EUR 15 mln., which will increase the production capacity of 1x3 m. and 1.2 x3.6 m. slabs by 50%
- Negative impact of approximately 16 percentage points on gross margin due to stock level and stock age with inflation accounting application (7% vs. 22.9%)

TL 4,6 billion
Net Sales

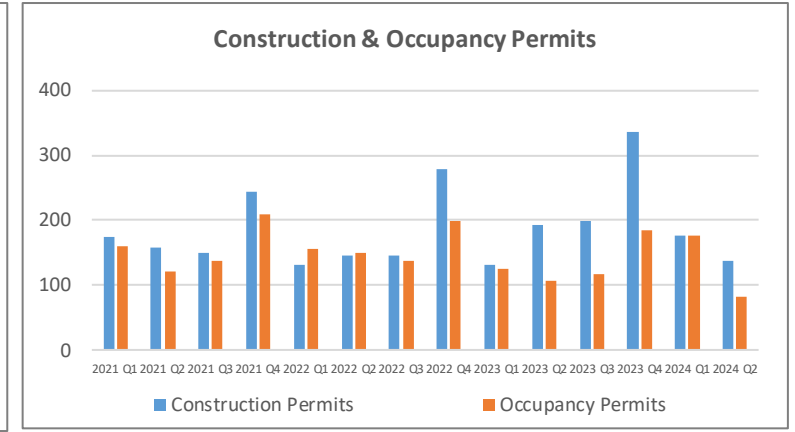
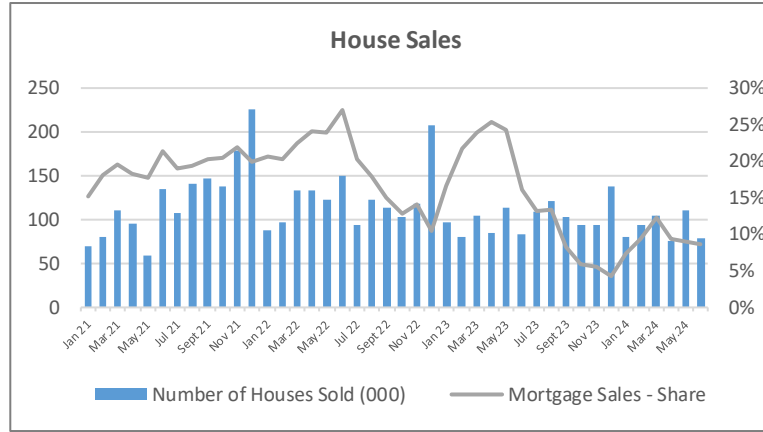
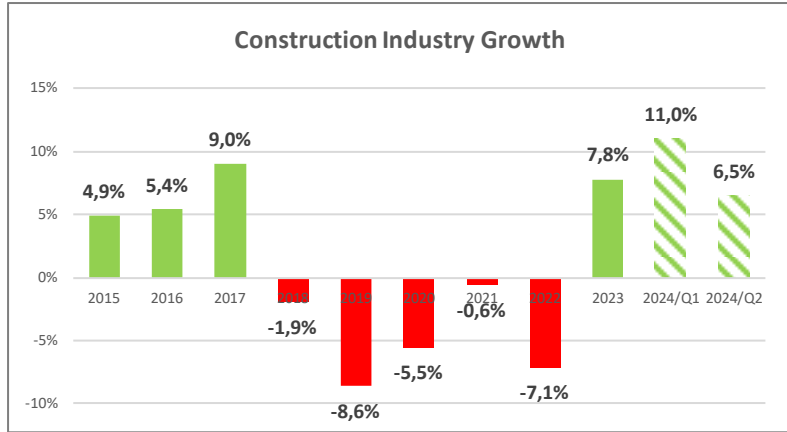
7,0%
Gross Margin

TL 532 million
CAPEX

TL 2,3 billion
Cash & cash equivalents



Turkish Market: Construction Sector - *Current Situation*



- After 11% growth in the first quarter of 2024 due to the low base effect due to the earthquake in Q1 2023, construction activities in the region and infrastructure investments, a **growth of 6.5%** was also realized in the second quarter.

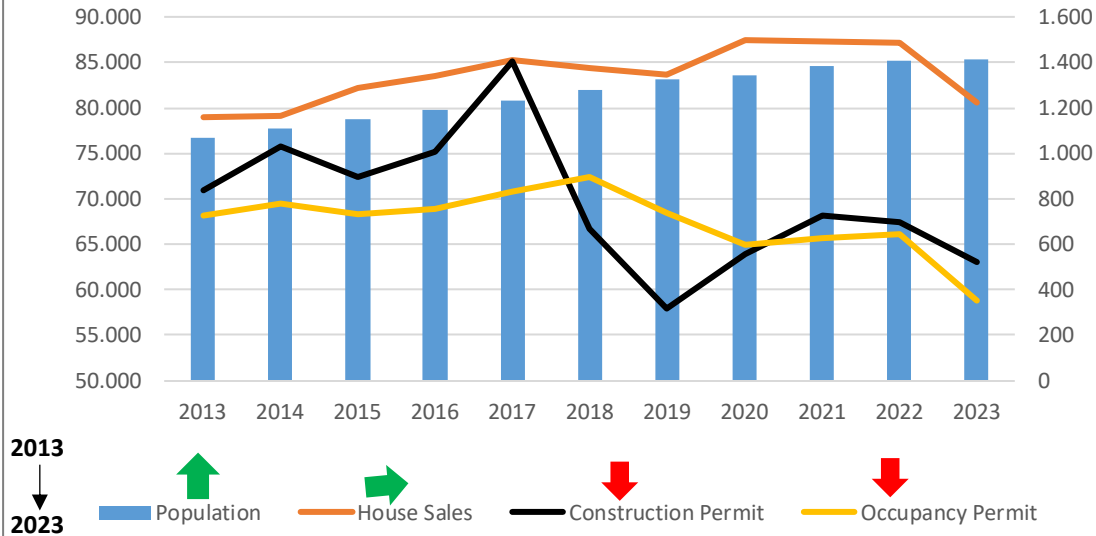
- **Housing sales**, which **declined** by 17.5% in 2023, fell further by 3.7% in the first half of 2024.
- Due to **rising credit costs**, **mortgage sales decreased by 58%**, and the share of mortgage sales in the total was 9%.

- In 2023, building permits increased by 23%, while **building occupancy permits**, showing finished houses, decreased by 17%, **the lowest level in the last 13 years** (535 K).
- In 2024 H1, building permits decreased by 3%, while occupancy permits increased by 10%.



Turkish Market: Construction Sector - *Potential*

Development of Population and Housing Dynamics



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

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

DETERMINANTS IN THE CONSTRUCTION INDUSTRY

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



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





Export Markets: Construction Materials Industry

- The **shrinkage in the construction sector in Europe**, which is our main export market as a country, and the **anti-dumping duty imposed by the EU against Turkish manufacturers** continued to put pressure on the country's exports.
- In the first half of 2024, **exports of construction materials decreased by 3%** to 13.9 billion USD.
- Fluctuations in exchange rates and speculations about the aftermath of local elections also negatively affected foreign trade.
- **Exports of ceramic coating materials and ceramic sanitary ware products**, which are the main product groups of our company, **decreased** by 0.7% and 15.7%, respectively.

Exports (USD mio.)	Jan. - June 2024	Jan. - June 2023	Change %
Construction Materials	13.900	14.343	↓ -3,1
- Ceramic Coating Materials	335	338	↑ -0,7
- Ceramic Sanitary Ware	132	156	↑ -15,7

Monthly Growth in Construction Expenditures in Selected Countries in Europe

Country	2023						2024				
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
GERMANY	0,9	-0,5	0,3	-2,5	-4,5	-0,1	-6,5	-1,6	-0,4	-3,9	-7,0
FRANCE	0,5	-1,8	0,1	-3,5	-5,2	-0,1	-0,4	-4,5	-2,3	-4,3	-5,6
SPAIN	3,3	5,4	1,2	8,3	9,7	3,9	14,1	-3,3	1,4	-1,6	-1,8
ITALY	-1,0	7,3	8,1	7,7	9,6	12,4	13,3	7,4	3,6	2,1	0,5
NETHER.	5,6	6,7	2,4	-0,5	-4,4	-2,4	-7,1	-3,8	-3,2	-0,3	-5,2
POLAND	1,1	3,4	13,8	7,5	1,7	18,9	-8,2	-5,5	-9,7	-6,0	-4,5
SWEDEN	-6,6	-5,0	-9,5	-5,8	-5,3	-7,6	-7,1	-5,9	-8,2	-4,4	-7,5
DENMARK	0,1	0,9	0,3	0,4	0,8	0,6	-1,6	-0,5	3,1	1,1	1,1
FINLAND	-7,4	-7,4	-8,7	-7,9	-6,9	-11,4	-14,1	-10,4	-8,2	-5,2	-0,6
BELGIUM	11,4	-6,9	0,3	-3,6	-2,5	10,3	-0,3	0,0	8,1	-9,5	-2,2
CZECH	-2,2	-2,6	-0,4	-1,0	-6,5	-3,2	-6,5	2,9	-8,4	-0,2	-6,8
AUSTRIA	3,1	-1,4	-1,9	0,1	-4,5	4,0	-5,1	-11,9	-4,4	-1,1	-0,8
ROMANIA	14,0	18,1	10,2	9,2	14,4	30,8	-17,9	-4,0	-0,6	12,3	-1,6

Source: IMSAD



Investments

- A contract has been signed with the Italian company SITI B&T Group for the "Supera Production Line - Ground Glazed Porcelain Production System" to be purchased within the scope of the "Supera Production Line" planned to be established in our production facilities in Çan.
- Following the completion of the delivery of the relevant machinery and equipment, production is expected to start in 2024 Q4.



- With the new investment of EUR 5.54 million, which will be made within the scope of the Slab-Sinterflex investment in the prospectus and will be covered by the fund obtained from the IPO, it is planned to renew and develop our existing old granite line and to produce 120 x 280 cm. and 60 x 120 cm. slabs.



Investments

- Our company, which is the world's first manufacturer of porcelain slabs with a thickness of 3 mm, has signed a memorandum of understanding with System Ceramics Spa for an investment that will increase the production capacity of 1 x 3 meters and 1.2 x 3.6 meters slabs by 50%.
- With an investment of appr. EUR 15 mln., the first phase of which is expected to be completed by May 1, 2025 and the second phase by 2025-end, it is aimed to increase the capacity of these products from 1.6 mln. m² to 2.4 mln. m².
- Production started on May 19, 2024 at the Kirkuk factory of Al-Sadaf Porcelain company, in which we have 49% stake.
- In the facility, which has an annual capacity of 2.5 mln.m² matte and glossy porcelain plates, porcelain tiles will be initially produced in 8 series measuring 60 x 120 cm. and 60 x 60 cm..
- Local production in Iraq is expected to make a full-year contribution to net sales of approximately USD 20 mln. in the first stage.



Financial Statements

IAS-29 APPLIED



P&L Summary*

* IAS-29 applied

(TL million)	2024 Q2	2023 Q2	Y-on-Y Change	2024 Q1	Q-on-Q Change	2024 6-M	2023 6-M	Y-on-Y Change
Net Sales	2.060,9	3.085,0	-33,2%	2.564,6	-19,6%	4.625,4	6.620,9	-30,1%
Gross Profit	46,5	689,7	-93,3%	278,2	-83,3%	324,7	1.335,2	-75,7%
Margin	2,3%	22,4%		10,8%		7,0%	20,2%	
Operating Profit	-594,6	856,5		-156,0		-750,5	877,6	
Margin	-28,8%	27,8%		-6,1%		-16,2%	13,3%	
Profit Before Financing	-600,9	887,8		-165,3		-766,2	947,4	
Margin	-29,2%	28,8%		-6,4%		-16,6%	14,3%	
Profit Before Tax	-660,6	446,4		-418,8		-1.079,4	654,8	
Margin	-32,1%	14,5%		-16,3%		-23,3%	9,9%	
Net Profit	-733,5	313,2		-571,5		-1.305,0	614,2	
Margin	-35,6%	10,2%		-22,3%		-28,2%	9,3%	
EBITDA	-421,1	995,3		18,5		-402,6	1.154,4	
Margin	-20,4%	32,3%		0,7%		-8,7%	17,4%	



Balance Sheet*

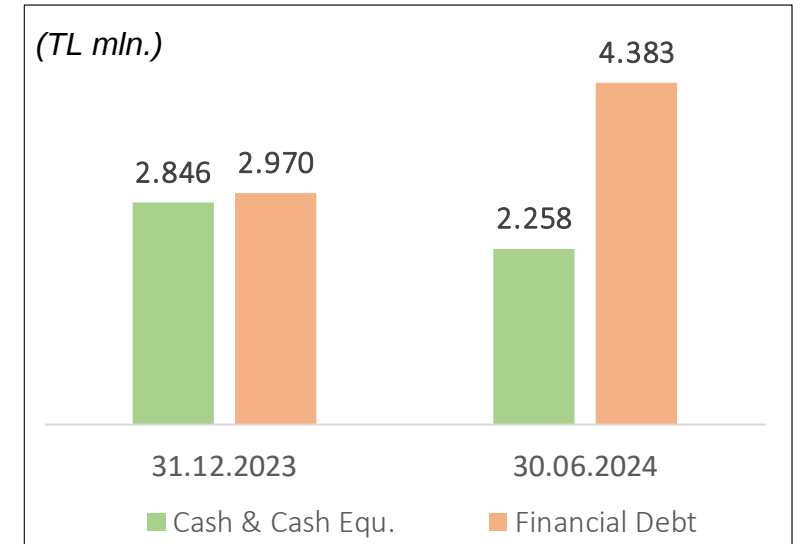
* IAS-29 applied

(TL million)	30.06.2024	31.12.2023		30.06.2024	31.12.2023
Current Assets	9.011,0	8.824,3	Current Liabilities	6.577,2	4.544,8
Cash & Cash Equivalents	2.258,3	2.845,9	Short Term Borrowings	3.691,2	1.803,8
Trade Receivables	2.260,8	2.142,6	Short Term Portion of LT Borrowi	178,6	431,7
Inventories	3.950,2	3.416,2	Trade Payables	2.265,7	1.692,8
Prepaid Expenses	311,3	179,7	Deferred Incomes	180,4	406,8
Current Tax Assets	32,6	26,9	Provisions	98,1	32,9
Others	197,8	213,0	Others	163,0	176,8
Non-current Assets	6.813,6	6.768,2	Non-current Liabilities	1.050,1	1.353,5
Financial Investments	75,8	65,0	Long Term Borrowings	512,9	734,4
Tangibles Assets	5.277,1	5.121,2	Lease Liabilities	66,6	22,7
Intangible Assets	387,0	347,8	Trade Payables	185,1	289,5
Properties for Investment Purpose	300,8	305,7	Provisions	352,2	329,6
Deferred Tax Assets	653,1	855,5	Total Equity	8.197,3	9.694,2
Others	119,7	73,0	Issued Capital & Inflation adj.	7.602,6	7.602,6
TOTAL ASSETS	15.824,6	15.592,5	TOTAL LIABILITIES & EQUITY	15.824,6	15.592,5



Cash and Financial Debt

- At the end of the Q2 2024, cash and cash equivalents totalled TL 2.26 billion.
- There is a total of TL 4.38 billion in short- and long-term financial liabilities.
 - TL 82.5 million is due to operational leasing agreements
 - 88% short-term
 - 35% in FX*
 - 64% with fixed interest rates
- As stated in the prospectus, TL 528.3 mln. of the financial debt were closed with 20% of the net TL 2.64 billion fund obtained from the IPO.



* With hedging operations, currency risk is completely eliminated.

Annex



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

(mio. TL)	2024 Q2	2023 Q2	Y-on-Y Change	2024 Q1	Q-on-Q Change	2024 6-M	2023 6-M	Y-on-Y Change
Net Sales	1.987,5	1.743,9	14,0%	2.235,6	-11,1%	4.223,0	3.588,6	17,7%
Gross Profit	384,5	458,7	-16,2%	582,9	-34,0%	967,4	977,9	-1,1%
Margin	19,3%	26,3%		26,1%		22,9%	27,3%	
Operating Profit	-212,8	576,8		218,6		5,8	785,1	
Margin	-10,7%	33,1%		9,8%		0,1%	21,9%	
Profit Before Financing	-210,4	615,2		211,2		0,8	844,9	
Margin	-10,6%	35,3%		9,4%		0,0%	23,5%	
Profit Before Tax	-398,6	284,3		-18,4		-417,0	400,6	
Margin	-20,1%	16,3%		-0,8%		-9,9%	11,2%	
Net Profit	-327,8	272,1		138,0		-189,8	553,6	
Margin	-16,5%	15,6%		6,2%		-4,5%	15,4%	
EBITDA	-140,3	600,8		271,1		130,8	832,7	
Margin	-7,1%	34,5%		12,1%		3,1%	23,2%	



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