

KALESERAMİK, ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

**Report On Realization And Evaluation of the Assumptions Used in
Determining the IPO Price
January 1 – December 31, 2024**

**This report has been prepared pursuant to the
Capital Markets Board Communiqué on Shares
No. VII-128.1 article 29/5.**

March 24, 2025

1. Subject of the Report

Pursuant to the Capital Markets Board Communiqué on Shares No. VII/128.1 article 29/5, the Audit Committee has prepared this report on “Realization and Evaluation of the Assumptions used in Determining the IPO Price”, which includes evaluations on whether the assumptions used in determining the initial public offering price of Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş.. (“Kaleseramik” or “Company”) have been realized.

2. Valuation Methods and Calculations Used in the Price Determination Report

According to the Price Determination Report, prepared on June 14, 2023 by Yapı Kredi Yatırım Menkul Değerler A.Ş. (“Yapı Kredi Yatırım”), the intermediary facilitating the IPO of the company shares together with Ak Yatırım Menkul Değerler A.Ş., and published on the Public Disclosure Platform on July 17, 2023, the company’s market value and the initial public offering price have been determined based on the following assumptions.

a) Market Multiples Analysis

The equity value of the Company was calculated as a result of EV/EBITDA and P/E analyses, and the equity value was calculated as a result of Market Multipliers Analysis by giving equal weight to the values calculated as a result of the analysis.

I. Enterprise Value / EBITDA Multiple Valuation Approach

The company's enterprise value was calculated separately using foreign peers EV/EBITDA multiple and domestic peers EV/EBITDA multiple method. The final equity value was determined based on two multiple analysis by deducting the net debt position as of March 31, 2023 from the calculated enterprise values, and the equity value was calculated according to the Company's EV/EBITDA multiple analysis by giving equal weight to each calculated equity value.

Multiples of peers were obtained from the "Bloomberg" platform as of the closing of June 9, 2023 for foreign companies, and from the Rasyonet platform as of the closing of June 9, 2023 for domestic companies.

EV/EBITDA multiple was calculated by dividing the current enterprise values of peer public companies by the EBITDA values of the relevant companies as of the 12-month period ending on March 31, 2023.

The median EV/EBITDA multiple of foreign peers is calculated as 8.6X. According to this multiple value, the company's enterprise value and equity value are calculated in the table below.

Table 1: Equity Value Calculation According to Foreign Peers EV/EBITDA Multiple

Foreign Peers EV/EBITDA		8,6x
EBITDA*	TL	809.929.512
Enterprise Value	TL	6.933.804.520
Net Debt	TL	1.730.710.526
Equity Value according to Foreign Peers EV/EBITDA Multiple	TL	5.203.093.994

*Excluding other operating income/expense

The median EV/EBITDA multiple of domestic peers is calculated as 10.4x. According to this multiple value, the company's enterprise value and equity value are calculated in the table below.

Table 2: Equity Value Calculation According to Domestic Peers EV/EBITDA Multiple

Domestic Peers EV/EBITDA			10,4x
EBITDA*		<i>TL</i>	809.929.512
Enterprise Value		<i>TL</i>	8.440.915.504
Net Debt		<i>TL</i>	1.730.710.526
Equity Value according to Domestic Peers EV/EBITDA Multiple		<i>TL</i>	6.710.204.978

* Excluding other operating income/expense

By giving equal weight to the equity values calculated, using the EV/EBITDA multiples of foreign and domestic peers, an equity value of TL **5,956,649,486** was reached as a result of the EV/EBITDA multiple analysis.

Table 3: Average Equity Value According to EV/EBITDA Multiple Analysis

Equity Value according to foreign peers EV/EBITDA Multiple		<i>TL</i> 5.203.093.994
Equity Value according to domestic peers EV/EBITDA Multiple		<i>TL</i> 6.710.204.978
Equity Value according to EV/EBITDA Multiple		<i>TL</i> 5.956.649.486

II. P / E Multiple Analysis

The equity value of the Company was calculated separately using the foreign and domestic peers P/E multiples, and by giving equal weight to the calculated equity values.

Multiples of peers were obtained from the "Bloomberg" platform as of the closing of June 9, 2023 for foreign companies, and from the Rasyonet platform as of the closing of June 9, 2023 for domestic companies.

P/E multiple is calculated by dividing the current equity values of peer public companies by the net profit values of the relevant companies as of the 12-month period ending on March 31, 2023.

The median P/E multiple of foreign peers is calculated as 13.4X. According to this multiple, the Company's equity value is calculated in the table below.

Table 4: Equity Value Calculation According to Foreign Peers P/E Multiple

Foreign Peers P/E		13,4x
Net Profit	<i>TL</i>	1.474.351.806
Equity Value according to P/E Multiple	<i>TL</i>	19.779.974.412

The median P/E multiple of domestic peers is calculated as 10.0X. According to this multiple, the Company's equity value is calculated in the table below.

Table 5: Equity Value Calculation According to Domestic Peers P/E Multiple

Domestic Peers P/E		10,0x
Net Profit	TL	1.474.351.806
Equity Value according to P/E Multiple	TL	14.767.658.582

By giving equal weight to the equity values calculated, using the P/E multiples of foreign and domestic peers, an equity value of TL **17.273.816.497** was reached as a result of the P/E multiple analysis.

Table 6: Average Equity Value According to P/E Multiple Analysis

Equity Value according to foreign peers P/E Multiple	TL	19.779.974.412
Equity Value according to domestic peers P/E Multiple	TL	14.767.658.582
Equity Value according to P/E Multiple	TL	17.273.816.497

Of the two methods, equal weight is given to the EV/EBITDA multiple and 50% to the P/E multiple. As a result of the multiple analysis, the Company's equity value was calculated as TL **11,615,232,992**.

Table 7: Summary of Market Multiples Analysis

Evaluation Methodology	Calculated Equity Value (TL)	Weight	Calculated Equity (TL)
Peers EV/EBITDA Multiple	5.956.649.486	50%	2.978.324.743
Peers P/E Multiple	17.273.816.497	50%	8.636.908.249
Equity Value			11.615.232.992

b) Discounted Cash Flow Analysis (DCF)

- Projections prepared in the light of the assumptions detailed above and based on the Company's Business Plan, were used in the valuation study.
- For the terminal value, the growth rate was assumed to be 5% and the EBIT margin of 2029 was assumed to be maintained. Working capital and investment values calculated for the final period were used.
- While calculating 9-month cash flow for 2023;

- Net Sales, EBIT, Operating Profit After Tax, Depreciation, Net Working Capital and Investment Expenditures for the first quarter of 2023 have been deducted from the projected amounts for 2023 full year.
- The difference between the working capital projected for 2023 and the end of 2023 working capital is reflected as working capital change. The reason for the negative value is that the Company's stocks increased more than expected as of the end of the first quarter of 2023. It is planned to balance its stocks thanks to its sales by the end of the year.
- The discount factor for 2023 is calculated for 9 months.
- Company Value was calculated as of March 31, 2023 according to cash flows, and equity value was calculated by deducting the net debt on the relevant date. In the next step, it was multiplied by the 2-month equivalent of the annual WACC and updated to 31.05.2023.
- According to the discounted cash flow analysis, the equity value was calculated as **12,342,654,936 TL**.

3. Result of Valuation

According to the valuation study, the discounted cash flow method and multiple analysis method were weighted by 50% and 50%, respectively. In the market multiple analysis method, EV/EBITDA and P/E multiples are also weighed equally at 50%.

The equity values calculated by discounted cash flow analysis and market multiple analysis are listed below.

Table 8: Results of Valuation Methods

Valuation Method	Equity Value (TL)	Weight	Contribution to Final Calculated Equity
Discounted Cash Flow Analysis	12.342.654.936	50%	6.171.327.468
Market Multiple Analysis	11.615.232.992	50%	5.807.616.496
Weighted Equity Value			11.978.943.964

With 50%-50% weight, the company's average pre-public offering equity value is calculated as **TL 11,978,943,964**.

4. Discount Calculation Prior to IPO

The public offering price is calculated as TL 25.00 per share by applying a 15.4% pre-public offering discount rate, based on the equity value calculated by valuation methods.

Table 9: Pre-IPO Discount Calculation

	Equity Value (TL)
Nominal Capital Value	405.388.196
Pre-IPO Equity Value based on valuation methods	11.978.943.964
IPO Discount	%15,4
Public Offering Discounted Market Value	10.134.704.888
IPO Price (TL/per share)	25,00

5. Conclusion

Since the projection data in the Price Determination Report (PDR) published by Yapı Kredi Investment on July 17, 2023, was prepared prior to the decision to implement the IAS 29 standard, the inflation accounting method was not applied in the report.

As the Company's published financials dated December 31, 2024 were prepared in accordance with IAS-29 principles, the annual assumptions in the PDR were compared with 2024 financials, which are not adjusted by IAS-29 and not independently audited.

(TL mio.)	2024 12 M (Actual) - IAS 29 not applied	2024 12 M (PDR Forecast) - IAS 29 not applied	Realization
Net Sales	8.520,4	14.870,4	%57
Cost of Goods Sold	6.987,0	10.560,1	%66
Gross Profit	1.533,4	4.310,3	%36
Operating Expenses*	2.040,7	2.170,4	%94
Amortization adj.	283,0	252,7	%120
EBITDA**	-224,3	2.392,6	-

* *Operating Expenses = Marketing, Sales & Distribution Expenses + General Administrative Expenses + R&D Expenses*

** *EBITDA = Gross Profit – Operating Expenses + Amortization*

In 2024, 57% of the revenue projected for the whole of 2024 was reached in the Price Determination Report (FTR) prepared by Yapı Kredi Investment.

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 continue to put pressure on the country's exports.

According to IMSAD data, the contraction in 2023 in Turkiye's exports of ceramic coating materials and ceramic sanitary ware, were 38% and 8%, respectively. Despite the high decrease in 2023, the increase in export of ceramic coating materials in 2024 remained limited to 8%, while the export of ceramic sanitary ware decreased further by 19%.

In the domestic market, the pressure created by high interest rates on housing demand played a negative role on sales. According to TurkStat data, housing sales, which decreased by 17.5% in 2023, fell by 3.7% in the first half of 2024, but increased by 21% in the whole of 2024 thanks to the momentum achieved in the second half of the year.

Although total sales increased, mortgage sales fell to a historical low of approximately 158 thousand units due to rising credit costs. (Its share in total sales was 11%)

On the other hand, only 33% of housing sales in 2024 consisted of first-hand sales. In 2013-18, when the construction sector performed strong, this rate was around 47%.

Building occupancy permits, which show newly completed, ready-to-live houses, increased by 10% to 586 thousand units in 2024 after the lowest level of the last 13 years (535 thousand) in 2023, but are still 19% below their 2013 level.

Although the construction sector grew by 9.3% in 2024, the production increase in the construction material industry was just 1.4% annually. The growth in the construction sector was not reflected in the production of construction materials. The domestic demand created by the growth in the construction sector was largely met from inventory. Sales channels, dealers and manufacturers used their stocks.

According to the February 2025 report of the Turkish Construction Material Manufacturers' Association (IMSAD), production in 11 sub-sectors increased in 2024 compared to 2023, while production decreased in 11 sub-sectors. While the production of construction glass increased by 13.0% and the production of iron and steel construction products increased by 12.4%, the production of ceramic coating materials decreased by 22.1% and the production of ceramic sanitary ware decreased by 25.6%.

Our company's production of ceramic coating materials decreased by 20.0% to 27.7 million m², while the production of ceramic sanitary ware decreased by 10.4% to 691.8 thousand units.

Our gross profit and EBITDA margins were adversely affected due to the decreasing sales volume in domestic and foreign markets, falling production quantities and capacity utilization rates, as well as the increase in personnel expenses, which have a significant share in production costs. As a result, 36% of the gross profit projected in PDR was reached in 2024, while a loss was realized at the EBITDA level.

Regards,

Audit Committee

Cengiz SOLAKOĞLU
Chairman

Fahri Okan BÖKE
Member

Arzu ERDEM
Member