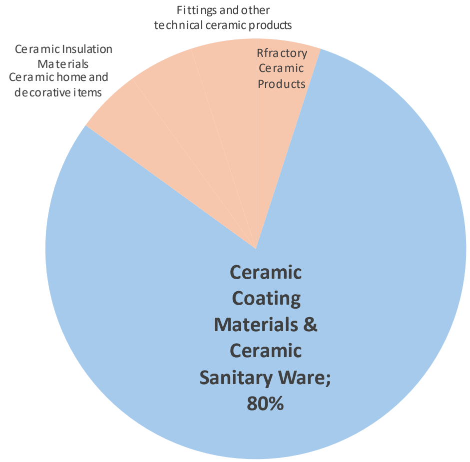
2025 Review &

Guidance for 2026

December 2, 2025

Turkish Ceramics Industry

- Although the ceramic industry consists of 6 main product groups, **80% of the sector consists of ceramic coating (tile) materials and ceramic sanitary ware** in terms of production value.
- Turkiye is **the largest producer in Europe** and the **4th largest producer in the world** in the **ceramic sanitary ware** sector, whereas it is the **2nd largest producer in Europe** and **the 9th largest producer in the world** in the ceramic coating sector.
- The ceramic tile industry is the 6th largest exporter in the world with a share of 5%, and the ceramic sanitary ware sector is the 4th largest exporter in the world with a share of 4%.



- The **top 5 export markets** are Germany, USA, France, UK, and Italy.
- In the ceramics industry, the **export-domestic value-added ratio** in all sub-categories is **over 80%.**
- With 2020 data, the sector provides **50,000 direct** and around **300,000 indirect employment.**

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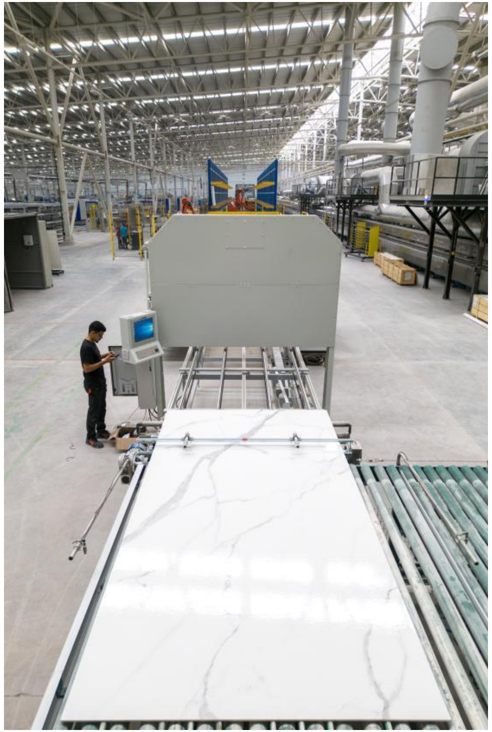
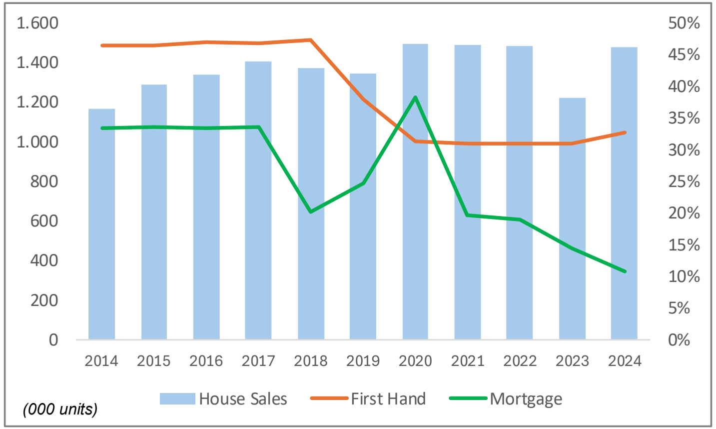
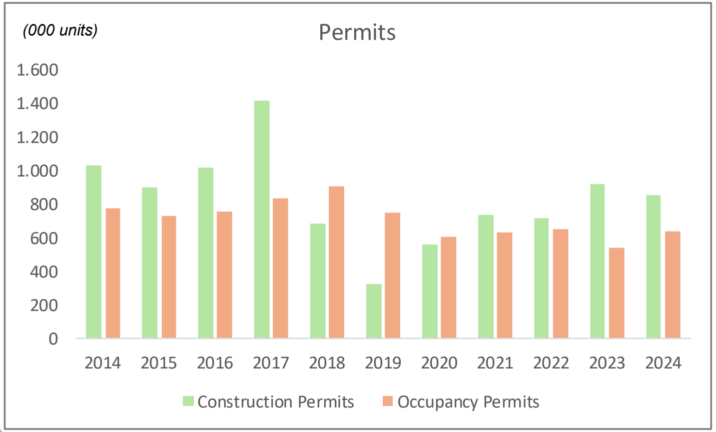
Turkish Ceramic Tile Industry

- The **installed capacity in the ceramic tile industry**, where around 50 manufacturers operate, has reached **approximately 700 million m²**.
- Due to the **capacity utilization rate**, which is estimated to be **around 50%,** price-based competition in domestic and export markets has increased, leading to a decrease in the added value created in the sector.
- The issues that affect the **profitability** in the sector the most are **energy prices, imported inputs** and **recently labor costs**.
- The ceramic industry, where energy is consumed intensively, is especially **sensitive to natural gas prices**. **Energy expense** in ceramic production corresponds to **~25-30% of the cost**.
- In addition to price and exchange rate fluctuations in natural gas markets, the **recent increase in labor costs in USD** has created difficulties in competing with other major ceramic producers such as India, Iran, China and Brazil in the international market.



Turkish Market: Construction Sector





Source: TUİK

- Housing sales in Turkiye seem to have settled in the band of 1.5 million units since 2020 - excluding 2023.
- However, it is predicted that with the **wealth effect**, **housing sales for investment purpose** have come to the fore in the recent increase.
  - ➢ The share of both **new homes** and **mortgage homes** in total sales fell **to their lowest level in the last decade**.
- Although **the number of houses completed** and **given occupancy permits** has increased recently, it is **still below the average of the last 10 years.** *(2014-18: 804 K vs. 2019-24: 639 K)*

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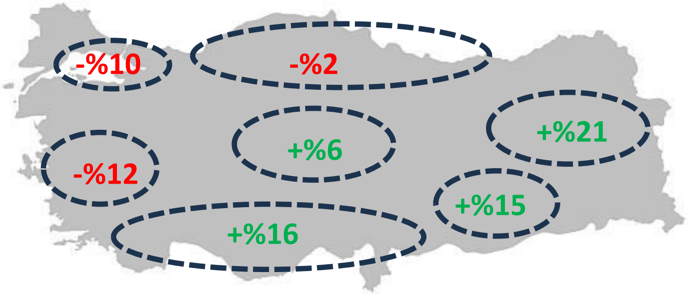
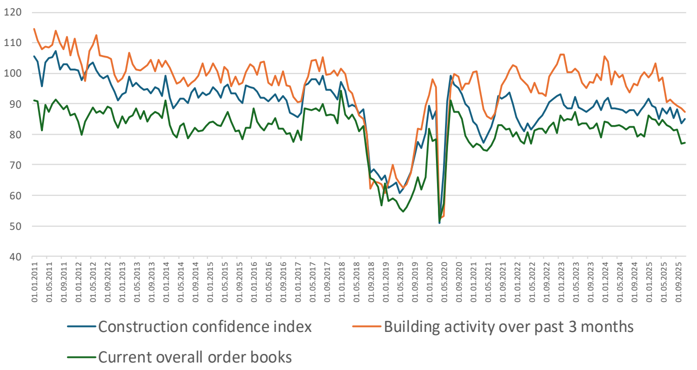
Turkish Market: Construction Sector

Cement Sales



YoY Change in Jan.-July period: +4,5%

Indices concerning the construction sector tendency



- The **construction sector**, **supported by reconstruction activities, urban transformation**, and other **construction activities in the earthquake zone**, **grew by 9.8%** in the first half of 2025. The sector also **grew by 13.9%** in the **third quarter** of the year.
- Although there was a **4.5% increase** in **cement sales** in the **domestic** market in the **January-July 2025** period, it is seen that this **increase** was **mainly due to the earthquake zone**.
- **Although sectoral indices** (confidence index, last 3 months activities, current order books) have **improved compared to** the lowest levels in the **2019-2020 period** (pandemic process), **they remain below their levels in the 2010-15** period.

Source: TUIK, İMSAD, TÜRKÇİMENTO

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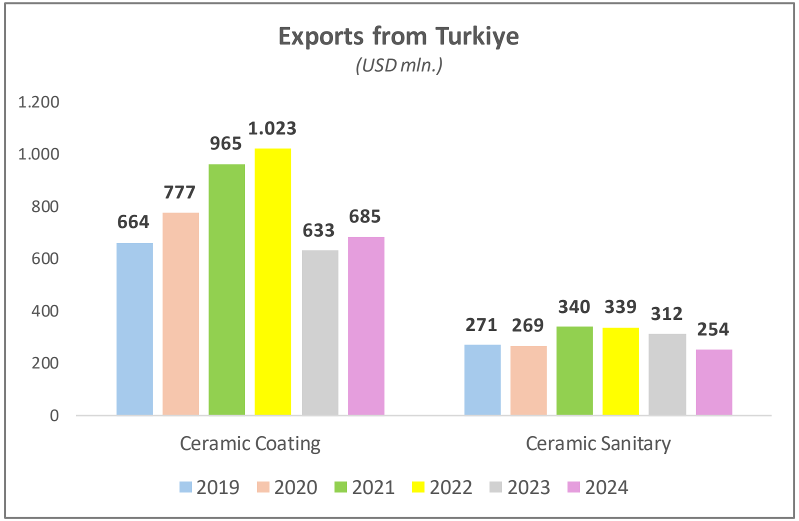
Export Markets: Construction Materials Industry

- During the pandemic period, while countries such as **China, India, Italy** and **Spain**, pioneers in ceramic production, **suspended production**, **Turkiye continued its production** and came to the fore in world market.
- With the increase in demand in the domestic market in the inflationary environment, **capacity increase was realized** with a very large investment in the sector. Turkiye has increased its capacity **from 350 to 700 million m^2** with additional investments.
- The **re-emergence of India** and Iran after the pandemic, and the **EU's imposition of anti-dumping duties** on **Turkish ceramic manufacturers** since mid-2023 have weakened Turkiye's competitiveness.



Source: IMSAD

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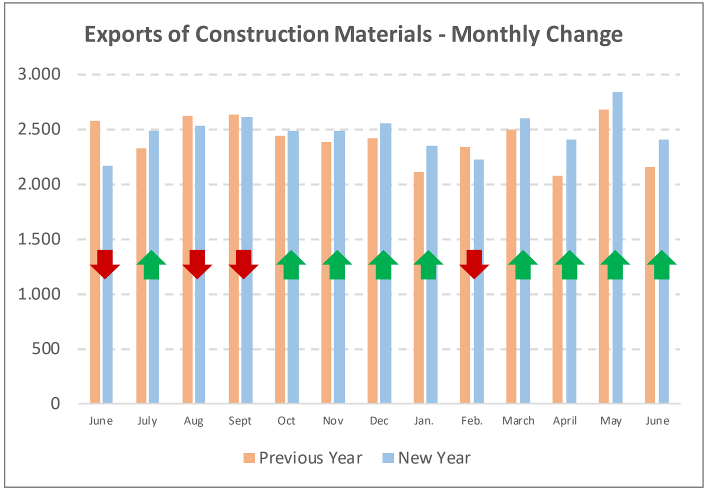
Export Markets: Construction Materials Industry

- In **export markets**, where the recession continues, there have been fluctuations in commodity and metal prices in recent months due to **uncertainties regarding customs tariffs.**
- According to the data for 2025 H1, which has been announced by **IMSAD** so far, our **country's construction material exports increased by 6.9%** compared to the same period of the previous year.
- **Exports of ceramic tile materials**, which is the main product group of our company, **decreased by 0.9%** and **exports of ceramic sanitary** ware were **down by 9.2%.**

Exports (USD mio.)	Jan-June 2025	Jan-June 2024	Change
Construction Materials	**14,835**	**13,878**	↑ **6.9%**
- Seramic Coating	332	335	↓ -0.9%
- Seramik Sanitary ware	120	132	↓ -9.2%



Source: IMSAD

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Strategic Transformation Moves

- ❑ Post-IPO Strategic Investments and Restructuring
- ❑ Improving Operational Profitability Margins
- ❑ Optimization of Working Capital Needs
- ❑ Correct Debt Management in a High-Interest Rate Environment
- ❑ R&D and Digital Investments for Sustainability

Post-IPO Strategic Investments and Restructuring

LARGE SIZE
High Profitable Growth
(1,6 mln. m² → 4,6 mln. m²)

- 160x320 cm. 6-12-20 mm. Slab Investment / 1 mln. m^2 - **July ’23**
- 120x280 cm. 6-12 mm (Supera), same line 120x280 cm. and 60x120 cm. production flexibility / 1,2 mln. m^2 - **Mar.’25**
- 100x300 cm. / 120x360 cm. modernization and capacity increase – Line 1 / 0,8->1,2 mln. m^2 - **June’25**
- 100x300 cm. / 120x360 cm. modernization and capacity increase – Line 2 / 0,8->1,2 mln. m^2 - **Ongoing**

GRANITE
Transformation
(Price/capacity/cost)
(12,6 mln.m² → 19,6 mln.m²)

- KB3 Production Line transformation for 60x120 cm. production - **Nov.’24**
- Yerköy Production Line 2 transformation for 60x120 cm. production - **Jan.’25**
- KS5 Line 60x120 cm. floor/wall flexibility transformation with size transition - **Ongoing**
- KS6 Line extension - **Ongoing**
- KS7 Line modernisation - **Ongoing**

IRAQ
Localization & Capacity Increase
(0 → 2,5 mln.m² → 10 mln.m²)

- Local production partnership with 2,5 mln. m^2 capacity - **Aug.’23**
- Southern Iraq branch establishment - **Sept.’25**
- Sales and marketing activities of TR and Iraq origin products through the branch- **2026**
- Capacity increase up to 10 mln. m^2 - **Planned**

Post-IPO Strategic Investments and Restructuring

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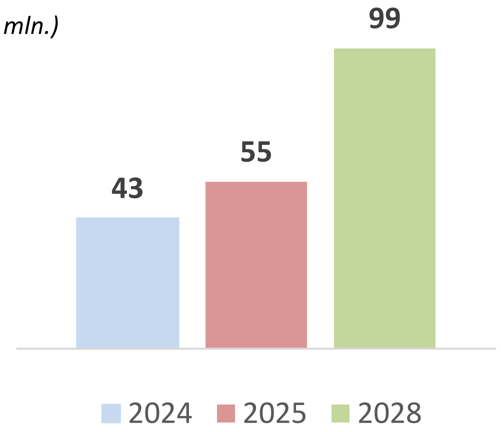
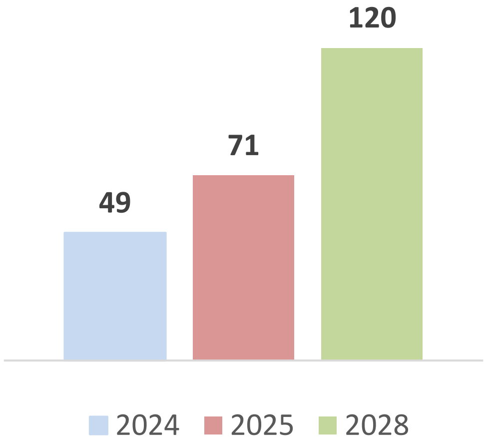
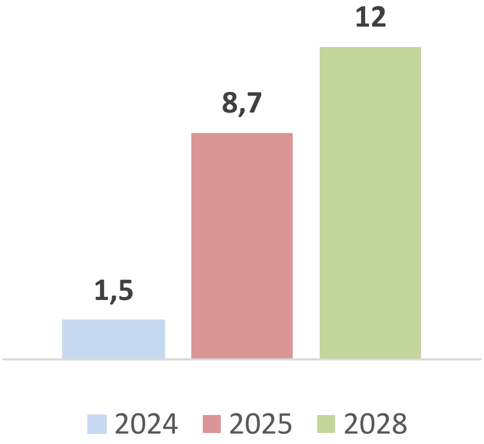
Net Sales*
(USD mln.)







TARGET*

+40%
Gross Margin

25%
Gross Margin

15%-20%
Gross Margin

* Non IAS-29 applied data

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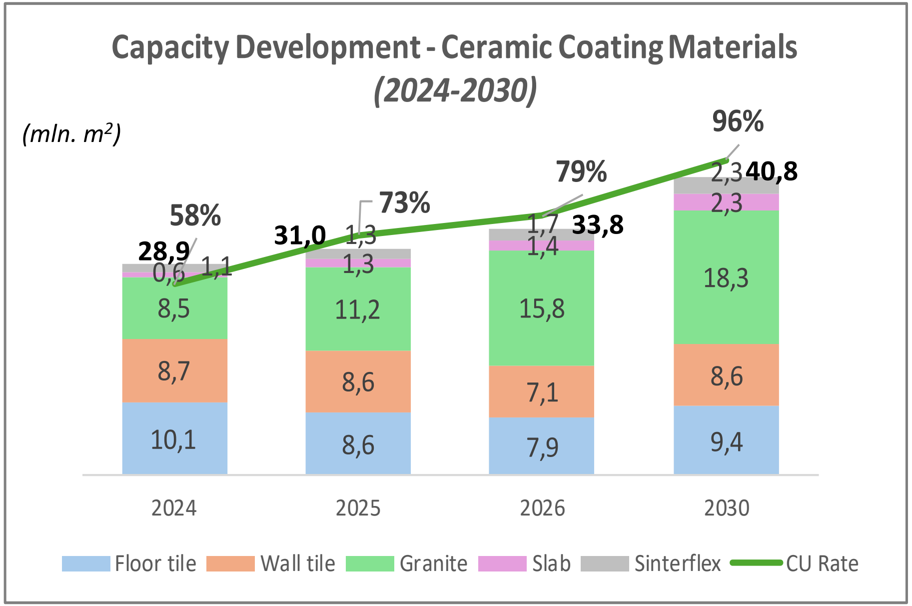
Post-IPO Strategic Investments and Restructuring



28,9 mln. m² → **40,8 mln. m²**

- Thanks to the investments made, the **conversion from floor tiles** and **wall tiles to granite** was realized in the 2024-2025 period, and **Slab-Sinterflex capacities** were **increased**.

- In **Iraq**, **one of the world's largest importers** of ceramics, actions were taken to focus on **production in Kirkuk with a capacity of 2,5 mln. m^2 capacity** with Al Sadaf & Kale cooperation, and on **sales and marketing activities with Southern Iraq branch.**

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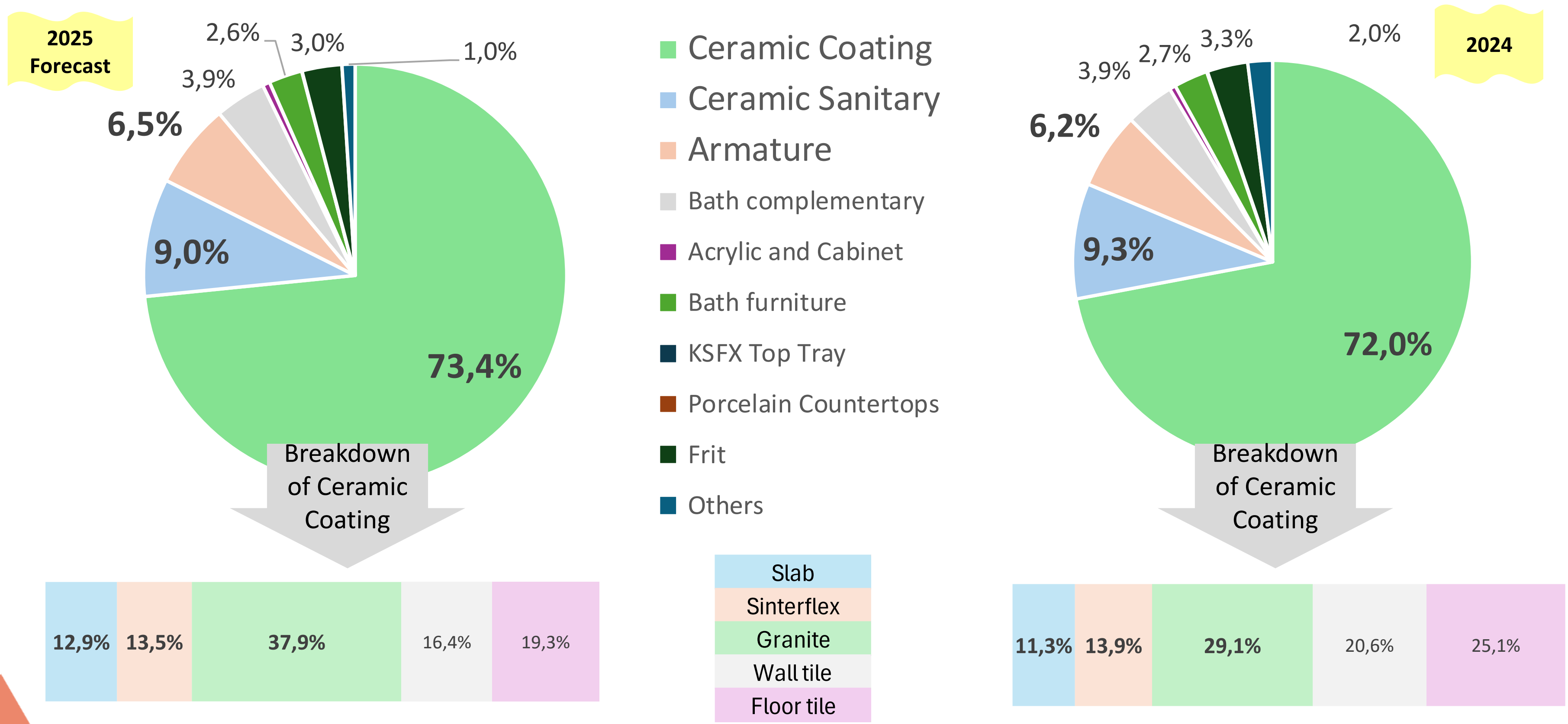
Reflection of Large Size & Granite Transition on Sales



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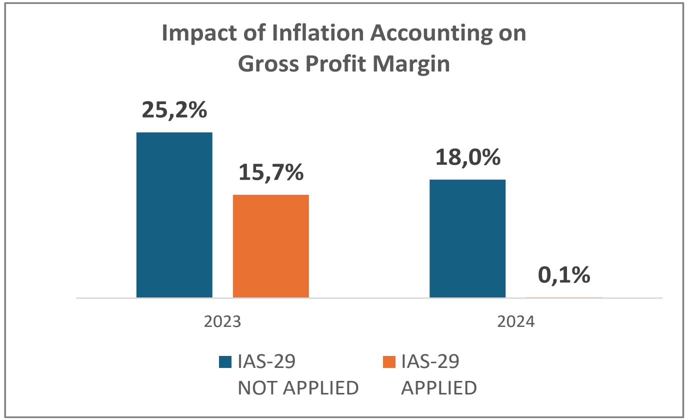
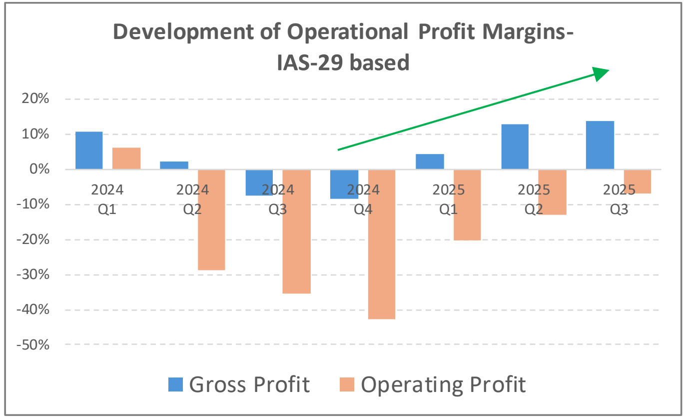
Improving Operational Profitability Margins

- The **inflationary effect of inventories** and **depreciation** has a **high negative impact** on the margins of the ceramic industry.

- **Operational margins**, which hit their lowest level in Q4 2024, have been **on an improvement trend for three consecutive quarters** thanks to the structural actions taken.





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Optimization of Working Capital Needs

INVENTORY MANAGEMENT

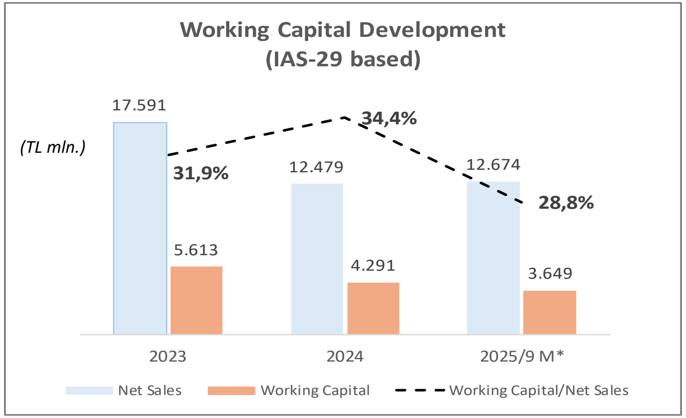
- The finished product inventory, which increased to around 12 mln. m^2 in 2024 Q3, were reduced to 6-6.5 million m^2 in 2025 with the actions taken.

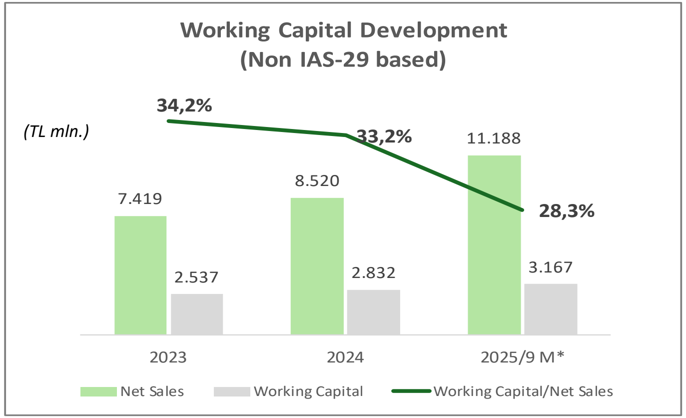
RECEIVABLES MANAGEMENT

- The receivables collection period, which was reduced to 92 days as of 2025, has been maintained since the beginning of the year.

PAYABLES MANAGEMENT

- Actionable actions have been taken in supplier payment terms and the 2-day improvement has been maintained since the beginning of the year. ***(There is no possibility of maturity improvement for labor and natural gas, which corresponds to 45% of the cost***)





** Last 12 months*

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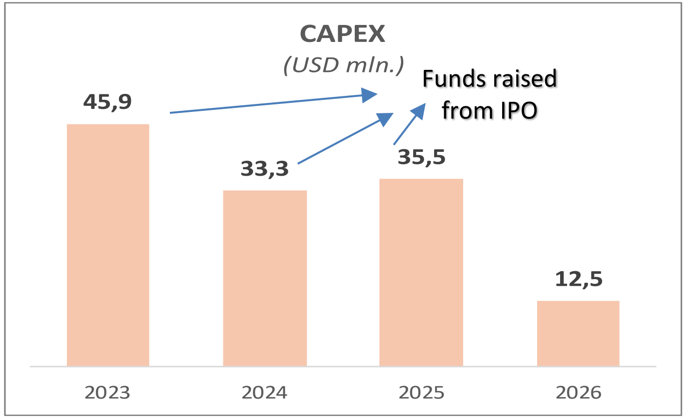
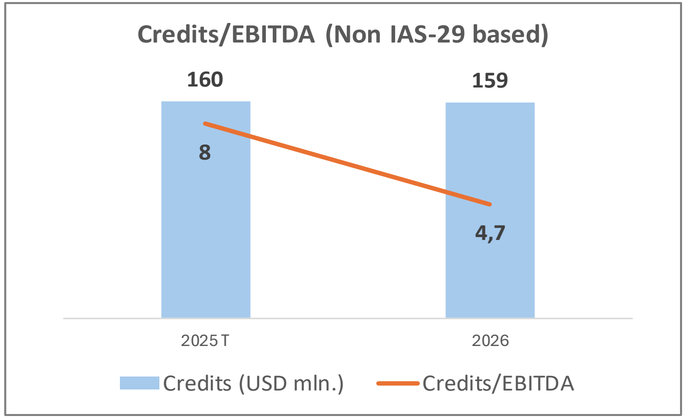
Correct Debt Management in a High-Interest Rate Environment

- The **improvement of operational margins**, the **optimization of working capital** and the **end of the intensive investment period** reduce the company's need for new financial resources.

- In **2026**, **maintenance and cost-cutting investments** are expected to be **around USD 12-13 million.**

- In addition to the **reduced resource needs**, the **expected reductions in interest costs** in the upcoming period are **expected to have a positive impact on the company's financing burden**.





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R&D and Digital Investments for Sustainability

PROCESS R&D

- We continue our work with a focus on cost improvement with process R&D studies in all our production processes.

INNOVATIVE R&D

- Studies continue for new ideas developed as a result of the research and development activities of our R&D Center. These investments are the first investments to be operational in the sector and are innovative projects that will disrupt the ceramic production process.

DIGITAL TRANSFORMATION INVESTMENTS

- Traceability with IoT in production, together with data analytics applications, are digitalization investments that will improve the digital experience of the customer.

SUSTAINABILITY INVESTMENTS

- Including a possible solar power plant investment, we prioritize resource utilization efficiency investments in all our investment items.

Our Expectations for 2025 Year-End & 2026 Guidance

2025 Year-End and 2026 Expectations (IAS-29 not applied)

	Year-end 2025 Forecast	2026 Guidance
❑ Net Sales :	USD 280-290 million	USD 310-330 million
❑ EBITDA :	Around USD 20 million	Around USD 30-35 million
❑ CAPEX :	USD 35 million	USD 12-13 milion
❑ Working Cap. / Net Sales :	30%-35%	30%-35%

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