

Kale Seramik



Annual Report 2025

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January 1 - December 31, 2025

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As Kaleseramik, we see ceramics not merely as a building material, but as a form of expression that shapes life and conveys emotion and culture. Since 1956, we have been proud to produce in these lands, merging our deep-rooted heritage with an innovative vision to develop solutions that transform spaces.

Today, with a holistic approach that spans design, production, retail, and sustainability, we transform living spaces into **living environments** while continuing to build **sustainable success** that creates value for the environment, society, and the future. From our stores to our production lines and from our products to our global investments, we aim to deliver an **inspiring experience** at every touchpoint. We are designing the future of ceramics today.

From Local to Global:

A Living Journey

Our journey is a powerful global brand story that extends from Çanakkale to the world, rooted in local values. As the leader of Türkiye's ceramic industry, we are now the 5th largest ceramic coating materials producer in Europe and the 25th worldwide.

We connect with architects, designers, and professionals in more than 75 countries, making our voice heard and presenting innovative, sustainable products at international platforms such as Cersaie and Coverings.

Every step we take, every store we open, and every new product we develop advances our vision of creating living environments and our goal of sustainable success. In the second century of the Republic, we continue to showcase our country's production strength to the world.





Living Spaces:

Spaces Shaped by Experience

For us, a space is not merely a place where products are displayed; it is a holistic experience that is lived, felt, and inspires. With our “Living Spaces” concept, we redesign our stores as meeting and discovery points for architects, designers, and end users.

We design each store specifically in line with the architectural character of its city, user habits, and spatial needs. Bringing together all our brands, from Kalebodur to Çanakkale Seramik, and from Kale to T-One, we present them in different usage scenarios, real-life spatial setups, and integrated solutions. In doing so, we offer our visitors not just products, but inspiration and space to imagine.

Sustainable Success:

Shaping the Future

We believe that success finds its true meaning only when it is sustainable. Accordingly, we shape all our processes, from production to design, within an approach that is environmentally aligned and centered on resource efficiency.

Through our Supera Production Line, large-format porcelain slab investments, and ultra-thin product technologies, we develop solutions that deliver higher performance with less raw material. With our "Care for Your World" philosophy, we move ceramics beyond aesthetics and functionality, embracing a responsible production mindset that contributes to future generations.

#İyiBak Dünyana





Technology that
Redefines Boundaries:

New Horizons with 2 mm

With our 2 mm ultra-thin slabs, we go beyond conventional architectural surface solutions. In entering the marine sector for the first time—with solutions developed for environments where weight and structural load criteria are critical—we expanded the application areas of ceramics, bringing together technical requirements and aesthetics on the same platform.

In showcases at Cersaie, Coverings, and the Cruise Ship Interiors Expo, we introduced this innovative product group to international professionals while extending our advanced manufacturing capabilities into new markets. With this step, we build on our sustainable growth vision by integrating our ultra-thin porcelain technologies across different industries.

DEVELOPMENTS IN 2025

Global leadership in surface technologies with the new Kalebodur brand strategy

For Kaleseramik, 2025 was a year in which the Kalebodur brand was strategically positioned at the center and **its leadership claim in large-format surface technologies was clearly established.**

2.4 Million m²

Targeted production capacity for Sinterflex investment lines

In 2025, the Supera production line, manufacturing in the 120x280 cm format, was commissioned. Renovation work on the Sinterflex 1 line was completed, and investments in product development and capacity expansion were made. Additionally, investment in Sinterflex Line 2 has commenced, and the project is scheduled for completion in June 2026. Upon completion of this investment, the line's capacity will increase by 50% to 1.2 million m². The total production capacity of the two lines will reach 2.4 million m².

120x280 Kalebodur – The Year of “This Is Innovation”
For Kaleseramik, 2025 was a year in which the Kalebodur brand was strategically positioned at the center and its leadership claim in large-format surface technologies was clearly established. Accordingly, 2025 was declared the “Year of Kalebodur,” and the Company's vision for large-format porcelain slabs gained a holistic structure under the Kalebodur brand.

The large-format product portfolio, particularly the 120x280 cm size, was restructured under the Kalebodur brand to encompass all products that meet architectural-scale design and application needs. With this step, large-format solutions were transformed from merely a product group into a strategic brand area offering a combination of technology, design, application knowledge, and surface expertise.

The 120x280 cm format became the symbolic focus of this transformation, representing Kalebodur's innovative production power across a wide range of applications, from interior and exterior uses to facade solutions, and from architectural surfaces to various other industries. In this context, the “This Is Innovation” approach was positioned not just as a temporary theme but as a fundamental strategy guiding the development of the large-format product portfolio and defining Kalebodur's pioneering role in the industry.

Thanks to these steps taken throughout 2025, Kalebodur established a structure offering brand integrity, technical depth, and high perceived value in the large-format porcelain slab segment, thereby placing Kaleseramik's innovation vision on a concrete and sustainable foundation.

Entry into the Marine Sector with 2 mm Super-Thin Porcelain Slabs

In 2025, Kaleseramik advanced its production capabilities to a new level by launching its 2 mm-thick super-thin porcelain slab. This product group, offering a combination of lightness, flexibility, and high performance, has been positioned as a strategic product development step toward new application areas.



In addition to architectural surface solutions, Kaleseramik entered the **marine sector** for the first time with its 2 mm super-thin porcelain slabs, a sector where weight and structural load constraints are critical considerations. The products were exhibited at **Cersaie** and **Coverings**, two of the industry's foremost international trade fairs. The Company also made its debut at the **Cruise Ship Interiors Expo, a trade fair specific to the marine sector**, where the products were introduced to this new audience.

With this development, Kaleseramik expanded its product portfolio by bringing super-thin porcelain technologies to different sectors, thereby strengthening its growth strategy focused on advanced technology, innovation, and new market areas with a concrete step.

T-One Porcelain Countertops – V-Intech Technology

In 2025, T-One achieved a significant technological transformation in its product portfolio by implementing V-Intech technology in its 12 mm and 20 mm porcelain countertop products. Thanks to this advanced technology, which ensures uninterrupted pattern continuity, vein consistency is maintained in every cut, achieving high visual integrity and a natural stone aesthetic on surfaces.

V-Intech technology offers highly acclaimed surface solutions that meet high-level architectural expectations, especially in large-format and prestigious applications. With this innovation, T-One combined technical performance and design continuity, further strengthening its leading position in the porcelain countertop category in 2025.

EDIDA 2025 – International Design Achievement

T-One won **first place in the Kitchen Category** at **EDIDA 2025**, one of the design world's most prestigious awards, for its **Constantinople** product. This award provided international recognition for the T-One brand's design quality, material expertise, and innovative approach.

Superbrands 2025 – Kalebodur “Superbrand”

Kalebodur was selected as a **“Superbrand”** in the **2025 Superbrands Türkiye** survey, once again proving its strong brand perception and reputation among consumers. This achievement stands out as a strong indicator of Kalebodur's brand positioning, which is focused on trust, quality, and continuity.

R&D Expertise and Scientific Achievements

In 2025, Kaleseramik reinforced its strong research and development infrastructure with national and international achievements. Expertise in materials science, mineralogy, and advanced analysis techniques continued to form the foundation of its R&D activities.

Notably, the Kaleseramik R&D team won **second place worldwide in the Reynolds Cup Mineralogical Analysis Competition**, affirming its competence in scientific analysis and technical expertise on a global stage. This achievement is a tangible outcome of the systematic R&D efforts focused on ceramic raw materials and product performance.

Additionally, in 2025, the Company became eligible for support under the **TÜBİTAK 1515 TÜBİTAK 1515 – Frontier R&D Laboratories Support Program**. This support aims to further strengthen Kaleseramik's R&D capacity for advanced technology-based product development, material innovation, and sustainable production processes. The TÜBİTAK 1515 support is positioned as a strategic step that reinforces the Company's long-term innovation vision.

Retail Experience – The Living Spaces Concept

In 2025, Kaleseramik comprehensively redesigned its retail approach in line with the **“Living Spaces”** concept, which centers on the customer experience. With this new approach, stores have been transformed from mere product display areas into multi-layered spaces where architectural solutions, material knowledge, and design approaches can be experienced holistically.

Within the “Living Spaces” concept, inspirational spatial arrangements were created that bring together different usage scenarios, allowing products to be perceived in a real-life context. This structure offered an experience-oriented approach that supports the product selection and decision-making processes for architects, interior designers, professional installers, and end-users.

The concept transformation implemented throughout 2025 was rolled out across the store network, ensuring that Kaleseramik's product portfolio, design vision, and surface expertise were represented at physical points of sale with a consistent and powerful experiential language. This transformation has been positioned as a strategic step aimed at creating long-term value in the retail sector.

ABOUT KALE GROUP

A vast ecosystem from ceramics to the defense industry, with 33 companies and over 5,000 employees

Kale Group operates in numerous sectors, including ceramics, building chemicals, and the defense industry, with 33 companies and over 5,000 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 33 companies and a workforce of over 5,000 employees.

In building materials, Kale Group ranks as the 5th largest manufacturer in Europe and the 25th 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.

Driven by its industrial heritage and entrepreneurial vision, Kale Group creates sustainable value with its people- and environment-centric approach, generating a strong impact in economic and social spheres.

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.



Kale Group Milestones

■ 1957

The first ceramic factory in Türkiye

■ 1991

Kaleseramik Education, Health and Social Aid Foundation (KSV)

■ 2021

Initial public offering of Kalekim

KTJ-3200 Turbo Jet Engine goes into mass production

■ 1961

The first production of electric insulators in Türkiye

■ 2004

Production of parts for the F-35 project

■ 2022

Kalekim & Lyksor partnership

■ 1962

Türkiye's first ceramic export

■ 2005

Production of Kalesinterflex, the finest ceramic in the world

■ 2023

Initial public offering of Kaleseramik

Kaleseramik new production line (1.5 million m²)

■ 1972

The first porcelain floor tile production in Türkiye

■ 2010

Joint investment with Pratt & Whitney for the production of aircraft engine parts

■ 2024

Title change at Kale- Arge: Kale Jet Engines

■ 1973

Türkiye's first construction chemicals factory

■ 2019

Design of Türkiye's first Turbo Jet Engine

■ 2025

Kale Group – Andar strategic partnership

■ 1975

The first R&D center in the construction industry

■ 2020

The first company in Türkiye to receive the Health Product Declaration (HPD)

The start of the Care for Your World movement

■ 1987

The first aviation project in Türkiye with 100% domestic capital

ABOUT KALE GROUP

Leading **ceramic manufacturer** in Türkiye, 5th largest in Europe, and **25th largest in the world**

Kaleseramik offers its wide range of products, from bathroom furniture to porcelain countertops, to users in more than 75 countries.

Group Companies

Building Materials

Kaleseramik

- The leader of Türkiye, Europe's 5th largest and the world's 25th largest ceramic manufacturer
- Extensive export network in more than 75 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, Silix, Halloysite, Granite, Perlite, Limestone, Syenite)

Kalefrit

- 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

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 75 countries

Kalekim Lyksor

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



Kale Frit is Türkiye's first and only domestic granulated frit manufacturer.



Kalekim has more than 400 product types and a production capacity of over 1 million tons per year.



Aviation

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

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

Kale ANDAR

- A 51% Kale Group partnership
- Vision of indigenously developing electromechanical systems at the heart of defense and aviation platforms
- Solutions across a wide range, from unmanned systems to manned platforms, and from smart guidance solutions to critical flight systems
- Design and production of all components of an electromechanical system—including the motor group, transmission system, and electronic subsystems—through vertical integration capabilities

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

Kaleseramik's **goal of a better world** through its production processes

Kaleseramik continuously improves its production processes in line with its goal of a better world, strengthening its pioneering position in the ceramics industry every day.



56 Million m²

Annual production capacity of ceramic coating materials

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. These include strong brands such as Çanakkale Seramik, which designs stylish spaces by combining its deep-rooted brand experience with quality; Kalebodur, which contributes to the development of architectural culture with its wide product range and innovative vision and is a pioneer in large-format porcelain slab production; Kale, which brings a modern perspective to bathroom design with its products that are sensitive to the environment and human health; and T-One, which has become the innovative face of living spaces by combining the kitchen experience with aesthetics and comfort.

Kaleseramik conducts its manufacturing operations across four locations: Çan and Semedeli in Çanakkale, Yerköy in Yozgat, and Bandırma in Balıkesir. According to the 2024 Ceramic World Review (CWR) report, with an annual production capacity of 56 million m², the Company is the largest ceramic coating material manufacturer in Türkiye, the 5th largest in Europe, and the 25th largest in the world. 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 75 countries worldwide.

Kaleseramik, which went public on July 27, 2023, began trading on Borsa İstanbul. In the same year, the Company further strengthened its global position in large-format porcelain slab production with its new line, which has an annual production capacity of 1.5 million m². With this investment, Kaleseramik introduced a significant innovation to the industry by implementing 2 mm-thick super-thin porcelain slab technology and took a strategic step toward the Middle East market by starting production in Iraq as of May 19, 2024.

Kaleseramik continuously improves its production processes in line with its **goal of a better world**, strengthening its pioneering position in the ceramics industry every day. Thanks to the **Digital Transformation Program** it launched in 2019, the



~200

New products introduced to the market each year



Company has made its organizational structure more agile, increased its competitiveness with a data-driven management approach, and achieved significant gains in operational excellence. This transformation approach is progressing with determination, with four new projects implemented in 2025.

The Company's innovation strategy is shaped by its core value propositions, strategic goals, and stakeholder expectations, and it focuses on areas that will provide the highest benefit to internal and external stakeholders. Structured on two main pillars, "**Development**" and "**Transformation**," this strategy involves disseminating a culture of creative thinking within the organization, increasing stakeholder collaborations, strengthening open innovation processes, and continuously improving the existing product and service portfolio. It also provides a strong foundation for the development of innovative products, services, and business models.

At the same time, Kaleseramik aims to **lead the environmental, social, and governance-focused transformation** across a broad framework, from production processes to final products and from service structures to business models. Thus, the Company not only shapes the future of the industry by developing sustainability-focused innovative solutions but also creates long-term value for society and the environment.

Adopting sustainability as one of its strategic priorities, Kaleseramik is accelerating its efforts to develop its decarbonization roadmap and create sustainable value in environmental, social, and governance (ESG) areas. The Company, which shapes all its processes from production to business models in this direction, is continuing its long-term transformation by developing approaches centered on the transition to clean energy, resource efficiency, 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."



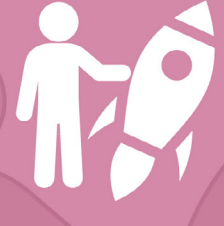
OUR VISION

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 BUILD <i>Trust</i> We act ethically in our relationships with all our stakeholders, regardless of the conditions, while prioritizing the protection of our reputation.	 WE ACT with <i>determination</i> Regardless of circumstances, we take initiative and push our limits without giving up and losing our motivation.	 WE TAKE <i>responsibility</i> We take care and responsibility for the land we tread, our future, our community, our employees, and our customers.
 WE <i>cooperate</i> We believe in the power of succeeding together and create shared synergy with all our stakeholders.	 WE LEAD <i>The way</i> We work with dedication to generate authentic products & services and maintain our leadership and competitive position in our sectors.	 WE PAVE <i>the way for</i> ENTREPRENEURSHIP Based on our founding values, we support both corporate and individual entrepreneurship, and we pave the way for innovative ideas and initiatives.

OUR STRATEGY

Accessible quality without borders
through an extensive
distribution network

The flagship of Kale Group, Kaleseramik, has an extensive distribution network in Türkiye with 136 main dealers, 340 secondary dealers, and 5 Kaleseramik stores.



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:

- Growing and developing in large-format coating materials
- Increasing profitability through excellence
- Working with a focus on lean principles and added value
- Growing through localization in international markets
- Expanding the coating materials portfolio with different products

The Company develops and implements projects for each of its priorities to realize its core strategies. It supports these strategic priorities with its Digital Transformation, Innovation, and Sustainability activities, benefiting from these areas at every stage.

Kaleseramik successfully continues its activities with its distinct strengths

The flagship of Kale Group, Kaleseramik, has an extensive distribution network in Türkiye with 136 main dealers, 340 secondary dealers, and 5 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

With a capital of TL 514,778,660.51*, 21.25% of Kaleseramik is publicly traded on Borsa Istanbul.

Full Name/Trade Name of Shareholder	Share in Capital (TL)	Share in Capital (%)	Voting Right Ratio (%)
H. İbrahim Bodur Holding A.Ş.	315,235,129.52	61.23	61.23
Victory International AG	74,000,000.00	14.38	14.38
Other	125,543,530.99	24.39	24.39
Total	514,778,660.51	100.00	100.00

Type of Quoted/Traded Capital Market Instrument	Listing/Trading Start Date	Name of the Relevant Market	Relevant Market of the Exchange
Equity	07/27/2023	Borsa Istanbul	Stars Market-Group 1
Bond	10/02/2024	Borsa Istanbul	Bonds and Bills Market

Disclosures on voting rights of privileged shares

Group A and Group B registered shares are privileged. Group C registered shares have no privileges.

Privilege to Nominate Candidates for Board of Directors Membership

In accordance with the provisions of Article 9 of the Company's Articles of Association, titled “Board of Directors and Its Term,” Group (A) and Group (B) shares are granted the privilege of nominating candidates for election to the Board of Directors.

Three (3) members of the Board of Directors are elected by the General Assembly from among Group (A) shareholders or the candidates they may nominate, and one (1) member is elected from among Group (B) shareholders or the candidates they may nominate.

If the membership of a member elected through nomination by Group (A) or Group (B) Shareholders terminates for any reason, the new member is elected from among the candidates nominated by the same share group as the departing member, in accordance with Article 36/3 of the TCC, to be submitted for the approval of the next General Assembly.

Privilege in Appointing the Chairman and Deputy Chairman of the Board of Directors

In accordance with the provision of Article 9.3 of the Company's Articles of Association, the Chairman and Deputy Chairmen of the Board of Directors are elected from among the Board members who were elected from the candidates nominated by Group (A) in the General Assembly election.

In accordance with the provision of Article 11.5 of the Company's Articles of Association, the Chairman of the Board of Directors, or in their absence, the Deputy Chairman of the Board of Directors, presides over the General Assembly Meetings.

OPERATION MAP

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

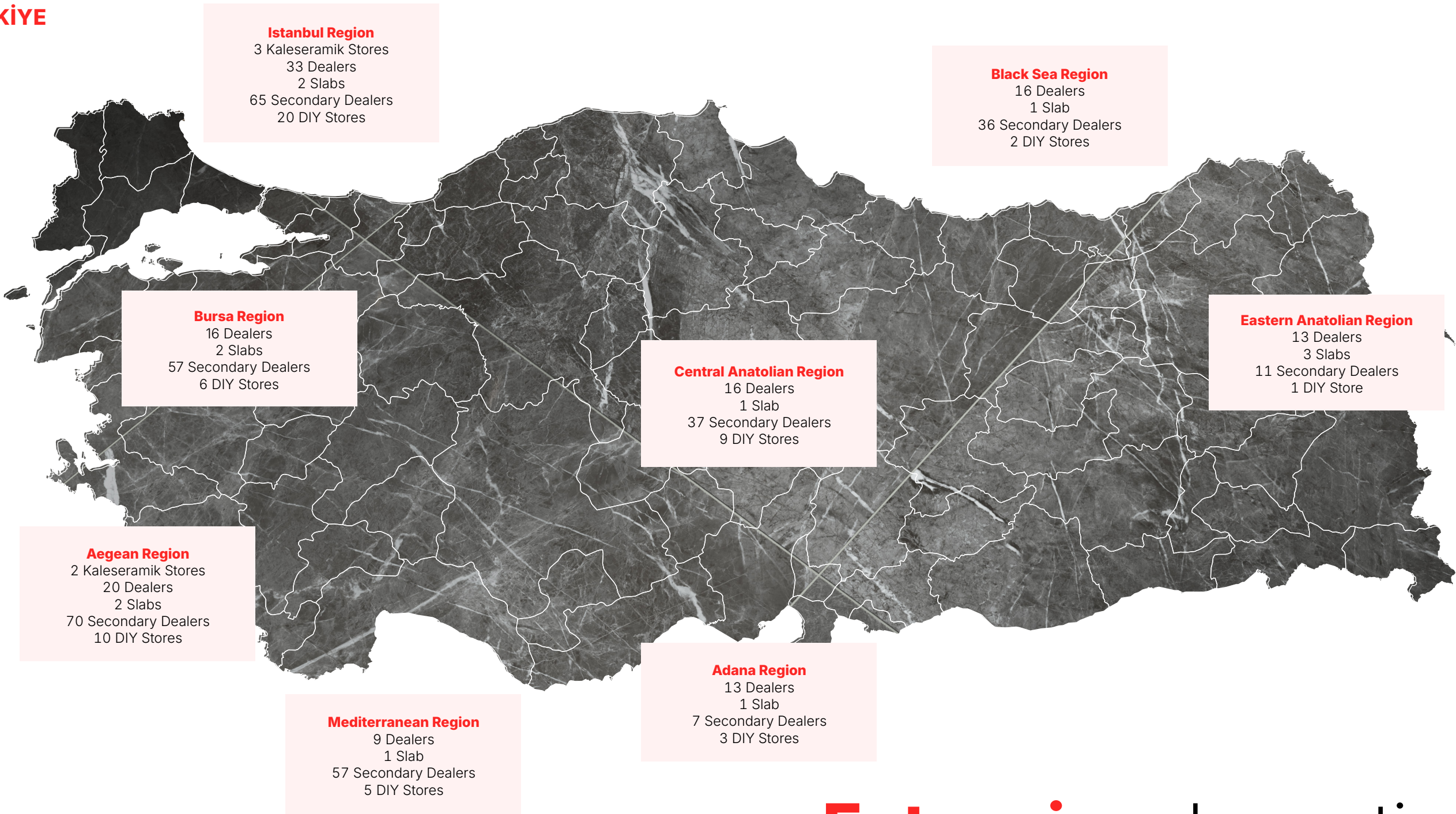
- Sanitary Ware Factory
- Acrylic Factory
- Toilet Seat Cover and Sanitary Ware Mold Factory

Bandırma

- Furniture Factory

Yozgat

- Yerköy Floor/Wall Tile Factory



5
Kaleseramik Stores



136
Exclusive Dealers



12
Slab Dealers



340
Secondary Dealers



57
DIY Stores

Extensive domestic sales network

KALESERAMİK IN THE WORLD

List of Export Countries

- ALBANIA
- ANGOLA
- ARGENTINA
- AZERBAIJAN
- BAHAMAS
- BAHRAIN
- BANGLADESH
- BARBADOS
- BELGIUM
- BOSNIA AND HERZEGOVINA
- BULGARIA
- CAMEROON
- CANADA
- CHAD
- CHILE
- CHINA
- CROATIA
- CZECH REPUBLIC
- DOMINICAN REPUBLIC
- EGYPT
- FRANCE
- GAMBIA
- GEORGIA
- GERMANY
- GHANA
- GREECE
- GRENADA
- GUINEA
- HONG KONG
- HUNGARY
- INDIA
- IRAQ
- ITALY
- IVORY COAST
- JAPAN
- JORDAN
- KAZAKHSTAN
- KENYA
- KOSOVO
- KUWAIT
- LATVIA
- LIBYA
- MALI
- MALTA
- MAURITIUS
- MOLDOVA

- MONTENEGRO
- MOROCCO
- NETHERLANDS
- NORTH MACEDONIA
- PAKISTAN
- PALESTINE
- PANAMA
- POLAND
- QATAR
- ROMANIA
- RUSSIAN FEDERATION
- SAUDI ARABIA
- SENEGAL
- SERBIA
- SINGAPORE
- SLOVENIA
- SOUTH KOREA
- SPAIN
- SWEDEN
- SYRIA
- TAIWAN
- TANZANIA
- TRINIDAD & TOBAGO
- TUNISIA
- TURKISH REPUBLIC OF NORTHERN CYPRUS
- TURKMENISTAN
- UNITED ARAB EMIRATES
- UNITED KINGDOM
- UNITED STATES OF AMERICA
- URUGUAY
- UZBEKISTAN



Exports to
more than
75 countries

MILESTONES

Proven success
driven by a vision of global leadership

In 2025, Kaleseramik leveraged its deep-rooted history to solidify its global leadership in sustainability and technology.

■ **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 Mamulleri 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 the 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 of EUR 15 million 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.

Kaleseramik was awarded the “Best Companies Special Jury Award” by ACIMAC and IEG.

Kaleseramik R&D Center became the first and only Turkish laboratory to join ECerS.

■ **2025**
Our Supera production line, which manufactures products in the 120x280 cm format, was commissioned.

Product development and capacity increase investments on the Sinterflex 1 line were completed, and the Sinterflex 2 line investment was initiated.

The R&D team won second place worldwide in the **Reynolds Cup Mineralogical Analysis Competition.**

The Kalebodur brand was selected as a **“Superbrand”** in the **Superbrands Türkiye 2025** survey conducted by NielsenIQ.

A significant step was taken toward entering the marine industry with the production of **2 mm-thick super-thin porcelain slabs.**

Named **“Leader of the Ceramic Industry”** in the **Capital500 – Türkiye's Top 500 Private Companies** survey.

The ceramic industry's first Sustainability Report compliant with TSRS (Turkish Sustainability Reporting Standards) was published.

Entered the **BIST Sustainability Index**, ranking among **the top 5 globally** and **1st in Türkiye.**

Became **one of the top 5 companies from Türkiye** in the building materials sector in the FTSE4Good Emerging Markets Index, which is based on ESG criteria.

Became **the only Türkiye-based ceramic company** invited to participate in the S&P Global CSA index.

In 2025, Kaleseramik
produced
32.8 million m²
of ceramics.

KEY FINANCIAL AND OPERATIONAL INDICATORS

2025 TL Billion Total Assets	2025 TL Billion Total Shareholders' Equity	2025 TL Billion Sales
19.2	5.9	14.1
2025 Million m ² Ceramic Production	2025 Thousand Units Furniture Production	2025 Thousand Units Sanitary Ware Production
32.8	66.4	572.8
2025 TL Billion Gross Profit	2025 TL Billion Investments	2025 TL Million R&D Expenditures*
1.6	1.5	360

* Total expenditures, including investments and expenses related to R&D.

AWARDS AND ACHIEVEMENTS

Design and innovation power recognized with prestigious awards

In 2025, Kaleseramik once again proved its design and innovation power to the world with prestigious awards such as GIGI, EDIDA, and Archiproductions.

In 2025, Kaleseramik reinforced its leading position in the industry with awards and achievements in design, brand strength, sustainability, and marketing. These national and international successes have been tangible indicators of the Company's innovative approach and long-term value creation strategy.

GIGI Awards 2025

Kalebodur was awarded the **"Best Launch Experience"** award at the **GIGI Awards 2025**, organized by the Marketing Communicators Association, for the launch process of its new era and innovative porcelain slab collection, initiated with the motto **"This Is Innovation."** This award demonstrated that the brand successfully implemented a holistic and effective launch concept.

Superbrands 2025 – Kalebodur

The Kalebodur brand was selected as a **"Superbrand"** in the **Superbrands Türkiye 2025** survey conducted by NielsenIQ. This achievement confirmed Kalebodur's strong brand perception, its reliability in the eyes of consumers, and its stable position in the industry.

Archiproductions Design Awards – Mayfair

The **Mayfair** product, part of the Kaleseramik product portfolio, received an award at the **Archiproductions Design Awards**, organized by the international design platform Archiproductions. This award demonstrated that the product's design quality, aesthetic approach, and functional features were recognized by the international design community.

EDIDA 2025 – International Design Award

T-One won **first place in the Kitchen Category at EDIDA 2025**, one of the design world's most prestigious awards, with its **Constantinople** product. This award, determined by the votes of Elle Decoration magazine's editors in 25 countries, recognized T-One's international success in design and innovation.

Golden Plumb– Innovative Product in Construction Award

The **UNIQ Series** developed by Kaleseramik received the **"Innovative Product in Construction"** award at the **Golden Plumb International Building Catalog Awards** for its innovative product approach in the construction industry. This award demonstrated that the series' technical features and the added value it offers to the sector were recognized.

Golden Plumb– Corporate Idea Award

The **Piezoelectric Coating Technology** project won an award in the **"Corporate Idea"** category at the **Golden Plumb International Building Catalog Awards**. This achievement recognized Kaleseramik's R&D competence in advanced technology and innovative idea development.

TÜBİTAK 1515 – Frontier R&D Support

Kaleseramik was entitled to receive support under the **TÜBİTAK 1515 – Frontier R&D Laboratories Support Program**. This support contributed to strengthening the Company's R&D capacity in advanced technology-based product development, material innovation, and sustainable production.

Reynolds Cup – World Runner-up

The Kaleseramik R&D team ranked **second worldwide in the Reynolds Cup Mineralogical Analysis Competition**. This international achievement demonstrates that its technical expertise and analytical competence in mineralogical analyses and materials science are globally recognized.

Borsa Istanbul Sustainability Index

Kaleseramik was included in the **Borsa Istanbul Sustainability Index** in line with its sustainability performance. As a result of the evaluation, the Company **ranked 5th globally and 1st in Türkiye**, demonstrating its strong approach to environmental, social, and governance (ESG) matters and its understanding of corporate responsibility.

FTSE4Good Emerging Markets Index

In line with its "Care for Your World" vision, Kaleseramik focuses on sustainability across many areas, from sustainable production processes and efficient resource use to waste recovery, water efficiency, and energy efficiency. With this performance, it met the ESG score threshold set by FTSE Russell and became eligible for inclusion in the FTSE4Good Emerging Markets Index as **one of five Türkiye-based companies** in the building materials sector.

S&P Global CSA 2025

As part of efforts to increase the visibility of its sustainability performance on international platforms, Kaleseramik strengthened its evaluation and data management capabilities in line with S&P Global's **Corporate Sustainability Assessment (CSA)** process. As a result of these efforts, Kaleseramik became **the only Türkiye-based ceramic company invited to participate in the S&P Global CSA Index**. The CSA process, which offers sectoral benchmarking, supports the global traceability of ESG performance.

Brandverse Awards 2025 – Social Media and Data Analytics Achievement

Kaleseramik received two important awards at the **Brandverse Awards 2025**, one of Türkiye's most comprehensive advertising and marketing communication awards, organized in collaboration with Marketing Türkiye and Boom-Sonar. **Çanakkale Seramik** and **Kale** won **Gold and Silver Awards** in the **"SocialBrands Data Analytics Awards – Building Materials"** category, confirming their strong performance in digital communication.

Capital500 – Leader of the Ceramic Industry

Kaleseramik was named **"Leader of the Ceramic Industry"** for its successful performance in the **Capital500 – Türkiye's Top 500 Private Companies** survey, one of the most prestigious studies in Türkiye's business community. Kaleseramik's leadership in the ceramic industry was once again recognized at the organization, where the leading company in the sector was awarded.



In 2025, Kaleseramik reinforced its leading position in the industry with the awards and achievements it obtained in design, brand strength, sustainability, and marketing.



INVESTOR RELATIONS AND STOCK PERFORMANCE

Transparent management,
strong investor engagement

As part of its investor relations activities, Kaleseramik provides its stakeholders with a regular flow of information that is transparent, secure, and compliant with regulations.

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; the Investor Relations Department was established under the Company's Financial Affairs Department to ensure communication between the Company and investors by performing the following duties:

- 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.

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 İnancil	Investor Relations Manager	-	-

Investor Relations Unit Contact Information:

Address : Levent Mahallesi Prof. Ahmet Kemal Aru Sokak No: 4 İç Kapı No: 1 Beşiktaş/İstanbul

Phone : +90 212 371 52 53

Fax : +90 286 416 88 33

E-mail address : yatirimci@kaleseramik.com.tr

The report prepared on the activities of the Investor Relations Department carried out in 2025 was submitted to the Board of Directors with the approval of the Corporate Governance Committee on 06.02.2026.

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*

	2024	2025
Lowest Price (TL)*	32.10	26.52
Highest Price (TL)*	82.41	37.12
Year-End Price (TL)*	35.32	26.66
Year-End Price (TL) – Unadjusted	35.32	26.66
Issued Capital (TL Thousand)	514,778.66	514,778.66
Market Value (TL Thousand) - Year-End	18,181,982	13,723,999
Market Value (USD Thousand) - Year-End	516,192	320,188

* Adjusted retrospectively due to the distributed dividend.

Dividend Distribution

Kaleseramik distributes dividends in accordance with the provisions of the Turkish Commercial Code, Capital Markets Regulations, Tax Regulations, other relevant legislation, and the article concerning dividend distribution in the Company's Articles of Association.

In dividend distribution, a balanced and consistent policy is followed in line with Corporate Governance Principles, ensuring alignment between the interests of shareholders and the Company.

Dividend Distribution Policy

The Company aims to distribute at least 20% of its distributable net profit as cash and/or shares. This policy is contingent on the Company's financial position, other funding needs for planned investments, prevailing industry conditions, and the economic environment.

For each dividend period, this ratio is reviewed annually by the Board of Directors based on national and global economic conditions, the Company's medium and long-term growth and investment strategies, and its cash requirements.

Corporate Governance Rating

To rate its level of compliance with the "Corporate Governance Principles" published by the Capital Markets Board of Türkiye, the Company underwent its first rating assessment by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. As a result, the Company's Corporate Governance Compliance Rating was determined to be 9.22 as of July 8, 2025, and the Company was included in the Corporate Governance Index starting from July 10, 2025.

Breakdown of the Corporate Governance Rating by Main Sections

	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Corporate Governance Principles Compliance Rating
2025	92.18	92.67	96.25	90.25	9.22

Credit Rating

Following the rating assessment conducted by the credit rating agency JCR Avrasya Derecelendirme A.Ş. (JCR) on April 25, 2025, our Company's Long-Term National Corporate Credit Rating was revised to "BBB+ (tr)" with a "Stable" outlook.

The Short-Term National Corporate Credit Rating was determined as J2 (tr), with a "Stable Outlook."

MESSAGE FROM THE CHAIRPERSON

Strengthening our operational capabilities through digital transformation

As Kaleseramik, in 2025 we focused on enhancing operational efficiency, expanding our value-added product portfolio, and accelerating our digital transformation investments.

Esteemed Stakeholders,

We concluded a year in which we reinforced our leading position in the ceramics industry by blending Kale Group's deep-rooted industrial heritage with the boundless possibilities of modern technology. For Kaleseramik, 2025 was more than a production period; it was a transformational year when we initiated a major shift across design, technology, and sustainability, building the future with our "This Is Innovation" vision.



USD 273.4 billion

Türkiye's total exports

In 2025, global growth dynamics underwent a reshaping, and the effects of geopolitical developments, changes in trade policies, and financial conditions were strongly felt across the business world. In such an environment, it is even more critical for companies to possess agility, financial discipline, and strategic foresight.

Despite these global challenges, the Turkish economy demonstrated resilience, supported by its production strength, export capability, and dynamic domestic market. Türkiye's total exports increased by 4.5% to USD 273.4 billion, while industrial exports reached USD 194.8 billion, once again highlighting the competitiveness and adaptability of our production ecosystem.

Sectors such as cement, glass, and ceramics, which play a strategic role within this ecosystem, exhibited balanced growth, supported by both domestic demand and export markets. In particular, housing sales, which reached 1.7 million units during the year, stood out as a key factor driving momentum in the construction materials sector.

Today, with its advanced production infrastructure, technical expertise, and design capabilities, Türkiye is one of the world's most important ceramic production hubs. We believe that this strong position will be further reinforced in the coming period through value-added production and export-oriented investments.

We shaped 2025 with investment, innovation, and transformation

As Kaleseramik, in 2025 we focused on enhancing operational efficiency, expanding our value-added product portfolio, and accelerating our digital transformation investments. While operating with a total annual production capacity of 56 million square meters, we realized USD 35 million in investments. These investments were primarily directed toward efficiency improvements, digitalization, and the development of large-format and thin porcelain production capacity, as well as energy- and sustainability-focused production enhancements.



We achieved significant success in R&D, a key pillar of our innovative spirit.

Dr. (h.c.) Hatice Zeynep Bodur Okyay
Chairperson of the Board of Directors
Kale Group President and CEO



In this context, we boosted our large-format porcelain slab production capacity by 50%, reaching 2 million square meters. With our 2 mm and 3 mm porcelain slab production and an expanded product range extending up to 120x280 cm, we further consolidated our position in the high value-added segment.

Alongside our strong presence in the domestic market, we continued our global brand journey in international markets and commissioned our Iraq facility, a key milestone in our ambition to become a regional powerhouse. We also achieved significant success in R&D, a core pillar of our innovative spirit. Our R&D center's global second-place award at the Reynolds Cup and 78 design registrations attest to worldwide recognition of our scientific and design capabilities.

A new era in retail: "Living Spaces"

In 2025, a year in which we introduced industry-first innovations, we repositioned ceramics from a simple covering material to a lifestyle and design language. Guided by our founder İbrahim Bodur's principle, "Producing is the greatest respect for a country," we are building a more sustainable, refined, and meaningful way of living.

In alignment with this vision, we expanded our "Living Spaces" concept—first introduced at our Istanbul Fulya store—to our locations in Adana, Konya, Isparta, Bodrum, and İzmir.

As part of our strategy to further secure our position in global markets, our 2026 plans include opening a new retail location in Casablanca, Morocco, as well as the renovation of our existing stores in Erbil (Iraq) and Baku (Azerbaijan).

We are working for a sustainable future

At Kaleseramik, we consider sustainability to be a core pillar in our business model. By way of our "Care for Your World" initiative, we are committed to building a better future. We achieved a 15% increase in our closed-loop production rate compared to 2021 and, thanks to our sustainability-focused production investments, we reduced carbon emissions in porcelain slab production by 42%. In addition, by publishing the first TSRS (Turkish Sustainability Reporting Standards)-compliant report in the Turkish ceramics sector, we raised our own bar in our transparent and responsible governance approach.

In 2026, we will continue to bring together technology and aesthetics

As a pioneer and a leader in Türkiye's ceramics industry, our primary objective for 2026 is to expand our share in both domestic and global markets through new investments and to sustain our growth with high value-added products. As we move forward on this path, we will steadfastly continue to create value for our industry, society, and the world.

I would like to extend my sincere thanks to all our employees, stakeholders, and investors for your trust and contributions to this success journey.

Sincerely,

Dr. (h.c.) Hatice Zeynep Bodur Okyay
Chairperson of the Board of Directors
Kale Group President 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.

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 Erzurum in 1943, Cengiz Solakoğlu graduated from the 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 Zülfikarlar 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

**Board Member
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.

BOARD OF DIRECTORS



Adile Esra Tözge

Board Member

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. From 1997 to 2001, she worked as the Marketing Manager at Saint Gobain Weber in İzmir. Between 2001 and 2002, she served as a consultant on several projects for Henkel KGaA Düsseldorf and Barem Research International Istanbul.

After joining Kale Group in April 2002, she worked at Kalekim and Kaleterasiit 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 Kalekalıp A.Ş., Okyay became the General Manager of Kalekalıp 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.



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 İstinye 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.

BOARD OF DIRECTORS



Şerife Ebru Doğruol Aygıl
Board Member (Independent Member)
Ebru Doğruol 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 Doğruol is the mother of two sons.

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	30.05.2025	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	30.05.2025	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	30.05.2025	1 Year	Vice Chairperson	Membership of the Board of Directors in Group companies
Haluk ALPERAT	Member of the Board of Directors	Not Independent Member	30.05.2025	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	30.05.2025	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	30.05.2025	1 Year	Member of the Board of Directors	Membership of the Board of Directors in Group companies
Fahri Okan BOKE	Member of the Board of Directors	Independent Member	30.05.2025	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 Group companies
Arzu ERDEM	Member of the Board of Directors	Independent Member	30.05.2025	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 DOĞRUOL AYGİL	Member of the Board of Directors	Independent Member	30.05.2025	1 Year	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Early Detection of Risk Committee, Chairman of the Sustainability Committee	Membership of the Board of Directors in Non-Group companies

BOARD COMMITTEES AND ASSESSMENT OF THE BOARD OF DIRECTORS

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 30.05.2025, elections were held for a total of 9 members, 4 of whom are independent members, to serve for a period of 1 year.

The tenures of the Board Members on the Board are as follows: five members for 10 years or more; two members for three to five years; and two members for zero to two years. Based on tenure data by year, the average tenure of Board Members is a minimum of 6.7 years, depending on the hypothetical value used for members serving 10 years or more (under a conservative approach, "10+ years" was considered as 10 years).

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 fulfills the duties of the Nomination Committee and the Remuneration Committee as 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 30.05.2025 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.

During the discussion of the relevant article at the General Assembly, and within the framework of the corporate governance principles annexed to the Capital Markets Board's Corporate Governance Communiqué, shareholders were informed that no transactions had been carried out by the Board Members under the authorization granted to them at the Company's 2023 General Assembly held on June 10, 2024.

Operating Principles of the Board of Directors

The Board of Directors convenes as required by the Company's business. Each member has a single voting right at the Board Meeting. In 2025, 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. 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

We began 2025 by **redefining** the innovative strength embedded in the DNA of our Kalebodur brand **with the motto “This Is Innovation.”**

“

We were honored with the title of Leader of the Ceramics Industry in the Capital 500 survey, a strong testament to our collective effort.

Timur Karaoğlu
Kaleseramik General Manager



We established a strong reference in the international design world

Throughout 2025, we continued to strengthen our global presence by participating in numerous international exhibitions. In addition to our annual attendance at Cersaie and Coverings, the industry's leading trade fairs, we also showcased our new products and innovations at Futurebuild and Index.

Moreover, our T-One brand—Türkiye's first porcelain countertop—continued to enhance its visibility on the international design stage. With our Constantinople product developed under the T-One brand, we won first place in the Kitchen Category at EDIDA 2025, one of the most prestigious award events in the design world. This achievement established T-One as a strong reference brand not only in Türkiye but also globally.

We strengthened customer experience and expanded our stakeholder ecosystem

At Kaleseramik, customer satisfaction is more than a mere outcome—it is a continuously evolving process. Through our extensive authorized service network across Türkiye and the strong collaboration we have built with our “Master” partners, we further expanded our stakeholder ecosystem.

By providing on-site training and technical support, we ensured the correct application of our products, thereby enhancing both the customer experience and the reliability of our brand.

Our leadership and brand strength were recognized on prestigious platforms

As Kaleseramik, we continued to shape our industry not only through our achievements in production and design, but also by way of our corporate performance.

In the “Capital500 – Türkiye's 500 Largest Private Companies” survey conducted by Capital magazine—one of the most prestigious rankings in the business world—we were honored with the title of “Leader of the Ceramics Industry,” marking a significant achievement.

In addition to this leadership, which stands as a testament to our financial performance and sectoral strength, our Kalebodur brand further crowned its success with another notable title. In the 2025 Superbrands Türkiye survey, we were included among “Türkiye's Superbrands.” This achievement is one of the strongest indicators of the trust and affinity our brand has earned from consumers.

We will continue to build the future together

As one of Türkiye's leading ceramic manufacturers and a prominent producer in Europe and globally, we view all our achievements as the result of a collective effort. The dedication of our employees, the trust of our dealers and business partners, and the contributions of our broad stakeholder ecosystem, from architects to craftsmen, have all played a vital role in this success.

At this point, I would once again like to extend my sincere thanks to all our employees, business partners, stakeholders, and investors who have contributed to this journey.

In 2026, we will continue to produce and build together for a stronger, more sustainable, and innovative future.

Sincerely,

Timur Karaoğlu
Kaleseramik General Manager



With our 2 mm ultra-thin and 3 mm thickness products, a first in Türkiye, we combined aesthetics and functionality with high application convenience in architectural projects.

Esteemed Stakeholders,

As Kaleseramik, we have completed a year in line with our expectations. 2025 was a year in which we brought together our deep-rooted heritage with the expectations of the future, reflecting our vision of transformation and renewal across all our ways of doing business.

During this period, we further solidified our leading position in the ceramics industry through our innovative products, strong brands, and sustainable growth approach, while achieving a multidimensional growth momentum in both domestic and international markets. We took significant steps toward making our value chain—from production to after-sales services—smarter, more agile, and more customer-centric.

We opened a new chapter in our brand journey with “This Is Innovation”

We began 2025 by redefining the innovative strength embedded in the DNA of our Kalebodur brand with the motto “This Is Innovation.” Building on the strong brand identity we have established over the years with the slogan “This Is Ceramic,” we repositioned the brand with a bolder, more inspiring, and future-oriented vision. This transformation involved a comprehensive and holistic restructuring process, from our product portfolio to store concepts and from architectural communication to experience design.

We combined Kalebodur's strength in technology and design with sustainability

With this new phase, we redefined Kalebodur's future vision as a powerful design brand that goes beyond wall and floor coverings—adding identity and character to spaces while enhancing quality of life. In addition to developing aesthetic and functional products, we also adopt an environmentally responsible approach in our production processes. Consequently, we consider it a strategic priority to reduce our carbon footprint, optimize the use of natural resources, and integrate circular economy principles into our business model.

In this new journey, we aim to further strengthen Kalebodur's leading role in the industry by fusing its technological excellence and design strength with sustainability principles.

We achieved a strong transformation in products, production, and design

Attesting to the success of our new investments and modernization initiatives, Kaleseramik achieved a globally competitive production capability in the large-format porcelain slabs and tiles that represent the future of ceramics.

With our 2 mm ultra-thin and 3 mm thickness products, a first in Türkiye, we brought together aesthetics and functionality in architectural projects with high application convenience. Thanks to this comprehensive transformation across our product, production, and design processes, we now offer designers unlimited options for every space, with solutions ranging from 2 mm to 20 mm thicknesses.

Among the latest reflections of this vision, our Panorama Collection, Intonaco Series, and Constantinople products demonstrate our leadership in design and technology by combining a perception of expansive surfaces, material depth, and timeless design with advanced production technologies.

ASSESSMENT OF THE SENIOR MANAGEMENT

In 2025, **we continued our operational efficiency and improvement projects** across all our production facilities.

EVALUATION OF FINANCIAL AND OPERATIONAL PERFORMANCE

As Kaleseramik, in 2025, the year we celebrated our 68th anniversary, we achieved production of 32,808,100 m² of ceramic tiles, 572,800 units of sanitaryware, and 66,400 units of furniture. This represents an 18.5% increase in ceramic tile production compared to the previous year. Our total investment in 2025 amounted to TL 1.5 billion, while our R&D expenditure reached TL 360 million. Our net sales increased by 8% in real terms, and our gross profit margin stood at 11.5%.

The year 2025 marked a period in which we clearly demonstrated our ambition to lead in large-format surface technologies. Our large-format product portfolio was restructured under the Kalebodur brand to comprehensively address architectural-scale design and application needs. Our Kalebodur brand was recognized as a “Superbrand” in the 2025 Superbrands Türkiye survey, once again confirming its strong brand perception and reputation among consumers.

In 2025, we launched the production of 2 mm ultra-thin porcelain slabs, advancing our capabilities in ultra-thin surface technologies to a new level. Through a holistic transformation across our product development, production, and design processes, we now offer thickness options ranging from 2 mm to 20 mm, providing designers with a flexible and comprehensive range of solutions suitable for every type of space.

Last year, under the T-One brand, we achieved a significant technological transformation in our product portfolio with the V-Intech technology implemented in 12 mm and 20 mm porcelain countertop products.

In 2025, as Kaleseramik, we continued to strengthen our R&D activities with our robust infrastructure and expertise in material science, mineralogy, and advanced analytical techniques, achieving both national and international success. Having qualified for support under the TÜBİTAK 1515 – Frontier R&D Laboratories Support Program, we aim to further enhance our R&D capacity in advanced technology-driven product development, material innovation, and sustainable production processes.

In line with our operational excellence approach, we continued our cost-saving and improvement initiatives across all production sites in 2025. Through projects implemented via our suggestion system, including 180 initiatives and 24 Six Sigma projects, we achieved total savings of TL 459 million across various areas such as tile production, mass preparation, glaze and frit production, sanitaryware, R&D, and supply chain.

As one of Türkiye's leading and one of the world's prominent ceramic manufacturers, we continue to strengthen our global competitiveness through investments in innovative technologies and our high-quality standards.

EVALUATION OF NON-FINANCIAL SUSTAINABILITY INDICATORS

We have shaped our sustainability strategy under the strategic framework of “Care for Your World.” Within this scope, we manage our operations by integrating our environmental, social, and governance priorities into all our processes.

Our sustainability strategy focuses on four key areas: Cultural Transformation, Energy, Resource Management, Sustainable Business Model, and Social Impact. These areas are managed through defined targets and performance indicators, with oversight at the senior management level.



Kaleseramik has become a stakeholder in HY South Marmara – Hydrogen Valley Project, Türkiye's first Hydrogen Valley initiative. Aiming to reduce fossil fuel usage in industry and promote the adoption of green hydrogen, this significant project has been selected for funding by the European Commission under the Horizon Europe Program. It is expected to make a meaningful contribution to Türkiye's 2053 Net Zero targets.

In line with our goal of sourcing 100% of our electricity from renewable energy by 2030, a solar power plant (SPP) investment in the Yozgat region has been prioritized, with implementation planned to begin in 2026.

In 2025, we published our 3rd Sustainability Report in accordance with GRI Standards, as well as our Sustainability Report aligned with TSRS (Turkish Sustainability Reporting Standards)—the first of its kind in the Turkish ceramics sector.

In 2025, we were included in two ESG rating assessments based on international evaluations. As a result of our sustainability performance, we ranked 5th globally and 1st in Türkiye in the Borsa Istanbul Sustainability Index. We also qualified for inclusion in the FTSE4Good Emerging Markets Index as one of only five Turkish companies in the building materials sector. In addition, we became the only Turkish ceramics company invited to participate in the S&P Global Corporate Sustainability Assessment (CSA).

Across all operational processes, resource efficiency is prioritized, and material-focused recycling initiatives in production processes are continuously expanded. As a result of our ongoing efforts, we achieved a 15% increase in our closed-loop production rate compared to 2021.

Since 2019, we have been running the Kalelegends Young Talent Program to identify, develop, and recruit young talent. Through this program, we strengthen our employer brand while shaping the future together with young professionals equipped with next-generation competencies. Following recruitment, participants are integrated into a hybrid development journey.

Our learning and development approach supports a culture of continuous learning by offering training and development solutions across professional, technical, and personal growth areas for all employees. Our key programs include Lean Leader Academy, MBA Education Support, KaleKampüs Digital Development Platform, Digital Transformation and Innovation Academy, Future Kale Leaders Program, Kalelegends Young Talent Program, Peer Mentoring and Reverse Mentoring Programs, and Kale Masters Internal Trainer Development Program.

At Kaleseramik, under the motto “We Are the Castle of Occupational Safety,” we position occupational health and safety as one of our top priorities and aim to create safe and healthy working environments for our employees. Within the scope of our occupational health and safety initiatives, in 2025, we delivered 54,481 hours of training to a total of 4,944 individuals, including our business partners, across all locations.

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 of 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,

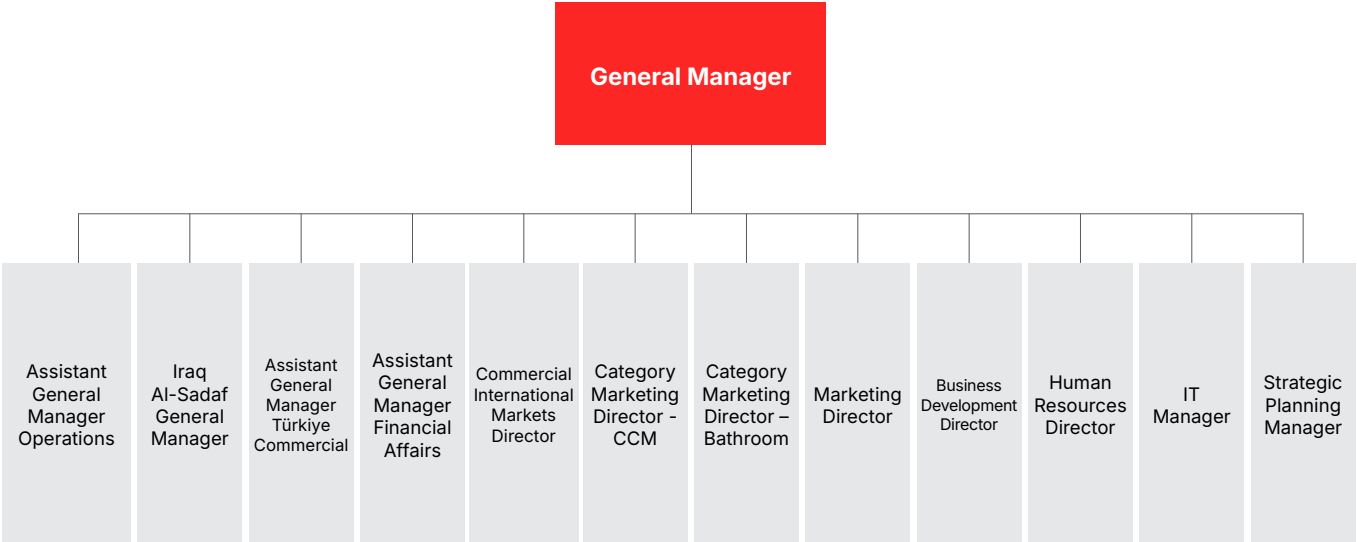
Business Development, Production, and Management, Soysal became Production Manager in 2011, Factories Director in 2013, and Vice President in charge of Operations in 2015. As of 2017, Süleyman Soysal has been serving as Kaleseramik Assistant General Manager in charge of Operations.

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 2025

New route in foreign trade:
The strength of Turkish
ceramics in global investments

The ceramics industry is one of Türkiye’s leading industries in terms of the added value it creates and is one of the sectors that utilizes domestic resources the most in exports and has the least dependency on imported products.



Türkiye’s exports increased by 4.4% year-over-year in 2025, reaching USD 273 billion 361 million.

In 2025, shifts in global trade, coupled with the changing political order in the U.S., have created a volatile outlook. The emergence of geopolitical risks at various times has accelerated the need for safe havens. In 2025, ROI calculations are also being questioned amid discussions on artificial intelligence.

It is anticipated that in 2026 the transition to a new commercial framework will be approved, and positioning will be adjusted accordingly. Although interest rate cuts are expected to continue globally, a pause in rate cuts is anticipated in the U.S. until a new Fed Chair is elected. In Europe, defense spending continues to increase, led by Germany.

The process of replacing the Fed chair will significantly affect long-term interest-rate policy, and the candidates nominated for the position are also influencing the markets. The precious metal rally, seen as a safe haven, was affected to an unprecedented degree by the change in the presidential candidate at the end of January. The new presidential candidate is also important for the U.S. to pay its maturing debts. There is also a scenario where the Fed and the Treasury Department will work together for the country’s benefit.

Another important factor may be the strength of the U.S. dollar. Although weakening the U.S. Dollar Index (DXY) to facilitate debt payments is an option, different steps can be taken at any moment. A potential change in the status of the U.S. dollar would be difficult and painful. A structural change in the U.S. dollar is not seen as imminent or easy.

The EUR/USD exchange rate is also important, depending on the U.S. Dollar Index (DXY). Although it is expected to remain within a certain band in the markets, the possibility of sharp movements in either direction should be monitored. For companies that primarily export to Europe, the exchange rate is important in terms of profitability.

On the other hand, Europe’s signing of a Free Trade Agreement with India and South America poses a threat to Turkish exporters in terms of market share.

Türkiye’s Economic Landscape

In Türkiye, interest rate cuts are expected to continue in 2026 in parallel with the decline in inflation. While interest rate cuts in 2025 fell far short of the forecasts planned at the beginning of the year, the 2026 forecasts are more cautious. High real interest rates are expected to continue in 2026.

On the currency side, an exchange rate increase that lags behind inflation is also expected, based on the U.S. dollar. As of January, reserves reached a record high. With a similar policy, records are expected to continue throughout the year. Despite the limited exchange rate increase, Türkiye’s exports are rising. Türkiye’s exports increased by 4.4% year-over-year in 2025, reaching USD 273 billion 361 million.

Although the Türkiye Manufacturing PMI data rose to 48.9 in December 2025, reaching its highest level in the last year, it still remains below 50. While the decline in production has completed its 21st month, the deterioration in operating conditions appears to have slowed down. In January 2026, the manufacturing PMI was 48.1. The data released in November for the Industrial Production Index also indicates a recovery compared to the previous month.

Despite geopolitical developments in neighboring countries, Türkiye has remained on the safer side.

In 2026, with the end of ongoing conflicts in nearby geographies, new opportunities are expected to arise for Turkish producers in areas such as construction, infrastructure, tourism, and foreign trade. Additionally, urban transformation projects will contribute to 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 Europe’s third-largest and the world’s ninth-largest producer of ceramic coating materials in 2024, with production of 318 million m². At the same time, it is positioned as the third-largest exporter of ceramic tiles in Europe and the sixth-largest in the world.

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.

Construction Industry

Housing sales in Türkiye set a new record in 2025. Mortgage sales also saw a significant proportional increase compared to 2024. With the new updates to housing loan limits, market activity in the housing sector may increase, although interest rates are not yet low enough. While interest rate cuts will ease housing loans, they may also attract deposit investors to different areas. After the precious metal rally, precious metal investors may turn to the real estate sector, and demand in the housing market may revive.

An increase in new home sales was also observed in the last quarter of 2025. This is an important development for contractors to start and focus on new projects. Land development activities around major cities also support the appetite for project development.

The fact that the construction cost index remained below the housing price index throughout the year provided an advantage to home builders. A positive impact may be seen in ceramics and bathroom product sales, which represent the final stage of ongoing projects.

A significant increase in the number of building permits was also seen in 2025. Depending on the pace of construction, an increase in the number of occupancy permits is also expected in the coming period. Due to the need for housing, housing demand remains resilient.



MANUFACTURING FACILITIES

Production volume
growing with new investments

The capacity utilization rate for ceramic coating materials reached 58.6% in 2025. Production volume decreased by 18.5% compared to the previous year, totaling 32.8 million m².

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 fifth largest, and the world's 25th largest producer of ceramic coating materials.

- The capacity utilization rate for ceramic coating materials reached 58.6% in 2025. Production volume decreased by 18.5% compared to the previous year, totaling 32.8 million m².
- Vitrified products' capacity utilization rate was recorded at 50.2%, with production volume declining by 17.2% to 572,800 units.
- Furniture production capacity utilization rate reached 79.0%, with production volume increasing by 2.8% to 66,800 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. 70% of the products are manufactured for 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; with this investment completed in June 2025, the capacity of the factory's first line was increased by 50%, from 800,000 m² to 1.2 million m². Following the completion of the investment, the second line within the factory is planned to undergo a similar revision process, and with this investment targeted for completion in June 2026, the capacity of the second line will also be increased by 50%, from 800,000 m² to 1.2 million m². Overall, slab-sinterflex investments are projected to amount to EUR 18 million.

In the first quarter of 2025, the Supera production line investment, which manufactures slabs in 120x280 cm and 120x120 cm sizes, was commissioned. With this advanced line, the Company targets an annual production capacity of 2.4 million m² for the 120x280 cm and 120x120 cm sizes, and 2.8 million m² for full- format 60x120 cm slabs.



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

	2024	2025	Change (%)
Ceramic Coating (thousand m ²)	27,687.4	32,808.1	18.5%
Sanitary Ware (thousand units)	691.8	572.8	-17.2%
Furniture (thousand units)	68.3	66.4	-2.8%

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.



In the first quarter of 2025, the Supera production line investment, which manufactures slabs in 120x280 cm and 120x120 cm sizes, was commissioned.

PRODUCTS AND MARKETING

Kalebodur transformation with prestigious launches and events

In the process where 2025 was declared the “Year of Kalebodur,” presentations for master craftsmen and dealers were held at Rixos Tersane in May, followed by a launch event at the Esma Sultan Mansion to announce this transformation to the public.



Kaleseramik engages with every aspect of the architectural world through its trendsetting projects in the design and construction sectors, placing information sharing and inspiring collaborations on a sustainable footing.

In 2025, Kaleseramik increased the intensity of its communication with target audiences in domestic and international markets through digital and traditional channels.

Brand Positioning and Strategic Communication

Kalebodur, the leading brand in the ceramics industry, has repositioned its brand identity, which it had strengthened for years with the slogan “Kalebodur, This Is Ceramics,” with a bolder and more visionary approach as of 2025, adopting the new slogan “This Is Innovation.” This new era has brought not just a change in communication, but a strategic transformation across all channels and among all stakeholders. In this process, where 2025 was declared the “Year of Kalebodur,” presentations for master craftsmen and dealers were held at Rixos Tersane in May, followed by a launch event at the Esma Sultan Mansion to announce this transformation to the public. During this period, the brand continued its mainstream media investments by sponsoring the series “Kral Kaybederse” on Star TV, thereby increasing its visibility among diverse audiences.

Innovative Product Groups and Surface Technologies

The large-format product collection (100x300 cm, 120x360 cm, 160x320 cm, 120x280 cm) continues to stand out with its aesthetic and functional advantages. The 3 mm-thick porcelain slabs, which stand out for their lightness, especially in renovation projects,

were supported by digital advertisements and internal communications. The V-Intech technology, introduced in the T-One porcelain countertop group, provides seamless pattern matching and vein continuity, perfectly reflecting the aesthetic of natural stone on surfaces. Additionally, the 60x120 cm portfolio produced with Decotech technology has enhanced the perception of depth on surfaces, adding more sophisticated designs to the portfolio. The Company carried out the initial production of its 2 mm-thick product collection as part of its ultra-thin surface technologies and completed the necessary technical preparations for the marine sector.

Architectural Communication and Community Engagement

Kaleseramik engages with every aspect of the architectural world through its trendsetting projects in the design and construction sectors, placing information sharing and inspiring collaborations on a sustainable footing. While technical information support was provided to future professionals within the scope of the Arkitera Materials Classroom, leading industry figures were brought together at boutique events through “Curated Dinner” organizations. Contributions to the design ecosystem continued through participation in Space’25, an inspiring meeting platform for the architecture and design world, and through talks and workshops organized in collaboration with the Idealist Interior Architecture Association.

In 2025, communication activities for architects were structured around impact-oriented meetings held more frequently with smaller groups. Hosted by Kale Group President and CEO Zeynep Bodur Okyay, leading architects from Türkiye had the opportunity to examine production processes on-site during trips organized in the North Aegean region and its surroundings, which included a visit to the Çanakkale Çan factory. The first event in the “Kalebodur After Hours of Design” series, launched to support the creative processes of architectural professionals by bringing them together on a social platform and introducing them to innovative surface technologies, was held in December at the Kale Fulya store with the participation of distinguished architects.



Kaleseramik's sponsorship of Arkiv, Türkiye's first digital architecture archive, continued in its 23rd year, and collaborations with the Salt Architecture Archive and the Idealist Interior Architecture Association were also maintained. Architectural communication was strengthened by featuring on leading international **architecture and design platforms** such as Archiproducts, Designboom, Architonic, and ArchDaily.

The first episode of the “**İlham Veren Mekânlar (Inspiring Spaces)**” digital series, which aims to tell the stories of spaces transformed by Kalebodur's innovative design approach through the perspectives of the designers themselves, was released, bringing architectural narratives to a wider audience.

Experience-Oriented Retailing

In line with the “This Is Innovation” vision, points of sale have been designed not merely as product display areas but as “product libraries” and interaction spaces for architects and designers. The Kale Fulya Store, which opened to visitors on June 30 with its inspiring new concept, has become the focal point of this approach with experience areas that engage all five senses. Throughout the year, in addition to store openings in the provinces of Adana, Konya, Isparta, Bodrum, and Izmir, store concept renovation projects were completed. Abroad, slab showroom projects featuring large-format products have been planned in locations such as Dubai, Erbil, and Morocco. Additionally, project work was carried out for the areas allocated to Kaleseramik in nine different Bauhaus stores across Türkiye, and support was provided for the implementation processes.

A Holistic and Innovative Approach to Bathroom Solutions

Kaleseramik continues to strengthen its market position with its modernization efforts in the bathroom segment and its expanding product portfolio. In 2025, the Optimum, Optimum Plus, Noah, and Noah Plus series were added to the portfolio in the economy segment of the bathroom category, while the Solid series was introduced in the mid-to-high segment. In the Ceramic Sanitary Ware (CSW) category, the Aqualis washing technology, which stands out with its rimless structure and powerful spiral flow from a single outlet channel, has elevated hygiene standards to the next level.

A New Era in the World of Gastronomy with the T-One Porcelain Countertop

T-One, Türkiye's first porcelain countertop, is reinforcing its innovative approach of combining aesthetics and functionality in the kitchen through strong projects in the world of gastronomy. In 2025, the brand appeared on television screens through its sponsorship of the “Talk Food Show” on CNBC-e and continued to attract significant interest on digital platforms with its “Tezgâh Üstü Sohbetler (Countertop Conversations)” YouTube series, where famous personalities share their kitchen experiences. The “İstanbul Tadında (Taste of Istanbul)” series with Chef İdil Yazar presented the technical advantages of the porcelain countertop, such as durability and hygiene, combined with design aesthetics, to the audience. Designed with sustainable production technologies, T-One contributes to creating healthy and eco-friendly living spaces for professionals and decoration enthusiasts.

PRODUCTS AND MARKETING

A sustainable production vision with eco-friendly products

Eco-friendly and innovative products were exhibited at the TISE fair in Las Vegas, Futurebuild in London, Coverings in Orlando, INDEX in Dubai, Cersaie in Bologna, and Cruise Ship Interiors in Hamburg.

Master Craftsman Stakeholder Development and Technical Support Activities

The relationship with master craftsmen was not focused on product sales but on supporting them. The large-format master craftsman network, reaching 118 teams in 30 provinces nationwide, has enabled competent teams to connect with dealers and customers. As of July 2025, the "Mobile Training and Technical Support Vehicle" was put into service, providing on-site, hands-on training in slab handling and processing to 605 people at 52 dealerships. Additionally, master craftsmen were supported with technical information through digital projects such as the first episode of the "Geleceğin Ustaları (Masters of the Future)" video series, which aims to inspire them with different applications in projects using large-format porcelain slabs, and technical, cutting, and installation training videos for T-One porcelain countertops.

Sustainability and Circular Economy-Focused Communication

Within the scope of the "Care for Your World" vision, sustainability has been positioned as an integral part of Kaleseramik's business model. The Zero 2.0 Artizan Washbasin series, which reintegrates waste into production, was promoted through intensive communication activities in June, highlighting its eco-friendly packaging and unique, hand-colored surface. As part of sustainable production, projects to modernize low-carbon production lines and to expand capacity were completed in 2025. Additionally, green hydrogen initiatives aimed at reducing fossil fuel use in the industry were continued within the scope of the HY South Marmara project.

Digital Transformation and Dealer Platforms

The B2B dealer platform was comprehensively renewed to enable domestic dealers to manage their commercial processes more efficiently. Thanks to the new infrastructure, all processes from order tracking to current account management have become manageable from a single screen, which has raised operational standards. To facilitate dealer employees' access to training, the Kale Sales Club was updated, and efforts were made to increase the usage rate of KaleKampüs, the LMS system. On the consumer side, an end-to-end, trackable system was established by moving the free installation coupon program to a digital platform.

Global Markets and International Promotion

In 2025, Kaleseramik strengthened its presence in the global arena by participating in prestigious fairs. Eco-friendly and innovative products were exhibited at the TISE fair in Las Vegas, Futurebuild in London, Coverings in Orlando, and INDEX in Dubai. At the Cersaie Fair in Italy, the Panorama Collection and 2 mm super-thin slabs were introduced for the first time at a stand designed in collaboration with renowned architect Paolo Cesaretti. A strategic entry into the maritime sector was made through the Cruise Ship Interiors fair in Hamburg, where porcelain solutions ranging from 2 mm to 12 mm were presented for this industry. To increase brand awareness in global markets, English and multilingual catalog projects were also completed.

The Company participated in the Dubai, Miami, Chicago, Toronto, and Riyadh stops of Zak World of Façades, an international organization focusing on facade design and technologies.

After-Sales Services and Customer Experience Analysis

Kaleseramik continues to provide services with a total of 130 authorized service centers at 76 locations across Türkiye. As of September, 160 audits of authorized service centers had been carried out to maintain the highest level of customer satisfaction.

In line with a data-driven management approach, data that forms the basis for process improvements was collected through the "Mystery Shopper Survey," "Brand Health Survey," and "Dealer Satisfaction Surveys." Additionally, community engagement began to be analyzed on-site through the "Province-Based Architect Interviews" survey, which was launched to analyze the needs of regional architects.



INVESTMENTS

Value-added production through efficiency-focused investments

In 2025, while capacity was increased in value-added product groups, cost-reducing investments were also implemented.



Approximately 76% of the investment budget was allocated to new and revenue-generating projects, 6% to cost optimization, and 6% to digital transformation applications; the remainder was used for maintenance investments supporting operational continuity.

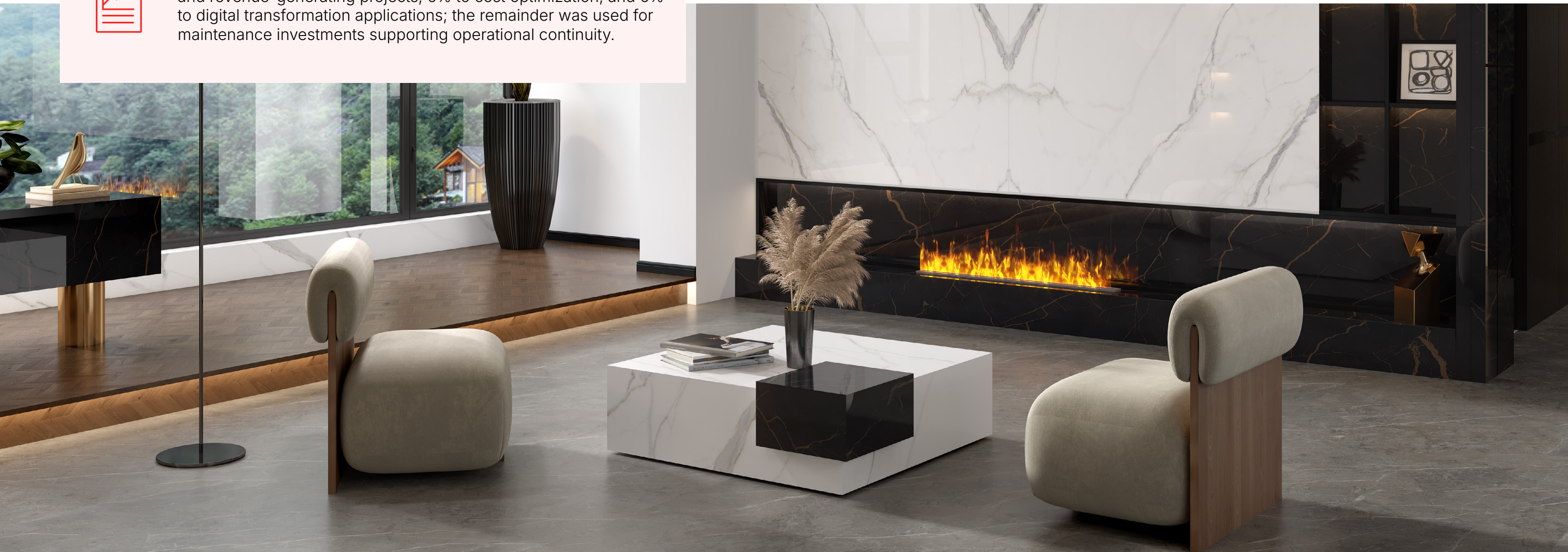
In line with its long-term growth strategy, Kaleseramik continues to reinforce its industry leadership by shaping its investment strategy not only through capacity increases but also with innovative production technologies, digitalization, and sustainability principles. In 2024, as the capacity increase projects initiated in 2023 were commissioned, new investments were made to optimize production processes, in addition to strategic collaborations. In 2025, while capacity was increased in value-added product groups, cost-reducing investments were also implemented.

In this context, the Company acquired tangible and intangible fixed assets amounting to TL 1.5 billion. Approximately 76% of the investment budget was allocated to new and revenue-generating projects, 6% to cost optimization, and 6% to digital transformation applications; the remainder was used for maintenance investments supporting operational continuity. Thus, strategic steps were taken toward growth while the existing production infrastructure was strengthened, creating long-term value.

In the period ahead, investments will continue, supported by sustainability-focused projects. Following an intensive investment period over the last three years, a total of USD 60 million is planned for investment between 2026 and 2030, which will predominantly consist of maintenance and cost-reduction investments. With sustainability projects to be commissioned in 2026, reducing carbon emissions will be prioritized, and efforts to increase energy efficiency will be accelerated. In this context, feasibility studies for a Solar Power Plant (SPP) investment to support the transition to renewable energy have been completed, with plans to begin the investment in 2026.

Work continues on new ideas developed through the research and development activities of our R&D Center. These investments will be the first of their kind to become operational in the sector and are innovative, transformation-oriented projects for the ceramic production process. Across all our production processes, we continue our efforts with a focus on cost improvement through process R&D studies.

A production capacity increase is being evaluated as part of localization efforts in Iraq, and market and competitor analysis studies are ongoing.



R&D ACTIVITIES

New areas of application discovered through innovative R&D projects

The Kaleseramik R&D Center conducts project-based activities centered around five main pillars: “cost optimization,” “quality improvement,” “efficiency,” “added value/functionality in products,” and “development of new areas of use.”



The projects carried out by the R&D Center since its establishment have generated total savings of approximately TL 200 million, with a contribution of TL 49.1 million in 2025 alone.

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.

The projects carried out by the R&D Center since its establishment have generated total savings of approximately TL 200 million, with a contribution of TL 49.1 million in 2025 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 2025.

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. With a total budget of EUR 36 million, the project has been awarded approximately EUR 7.5 million in funding, the largest single grant received from the European Union in Türkiye.

The Kaleseramik R&D Center continues to develop a roller kiln equipped with hybrid hydrogen technologies within the scope of this project. This year, all modules comprising the kiln (51 units) were completed, combustion systems were developed, and the designs of the kiln drive systems compatible with the modules were finalized. The kiln is planned to be commissioned in the fourth quarter of 2026.

In 2024, the Kaleseramik R&D Center applied to the Interreg-Next Med call with six consortium members. The project, with a budget of EUR 3 million, involves technology development efforts to reduce carbon emissions in ceramic tile factories in the Mediterranean Region. The project received approval from EU Next Med, and Kaleseramik participated in the first kick-off meeting in Spain in November 2025. Within this project, Kaleseramik will implement and commission semi-wet granule preparation technology on a pilot scale for the first time. The Company has been awarded a grant of approximately EUR 0.9 million from the project.

Another European Union-supported project application was made under the EUROKANET program. The project on the “Development of Dry Granulation Technologies for Slab Lines” is being carried out with four consortium members. In 2025, the project was approved for support by both the European Commission and TÜBİTAK. The first project meeting will be held in March 2026. Kaleseramik has also been awarded a grant of EUR 0.4 million for this project.

National Programs: Sayem, Hamle, TÜBİTAK Projects
In 2024, the Kaleseramik R&D Center also applied 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. In the final stage of the application, the Company became the 14th organization in Türkiye to be awarded support for its January 2026 project. Under the project, Kaleseramik has been authorized to conduct research on the development of lasers, microwaves, digital inks, and effect materials. For five years, the majority of personnel, consulting, and laboratory consumable expenses will be covered by TÜBİTAK in the form of grants.

Collaborating with Universities
Kaleseramik collaborates with leading universities in Türkiye, such as Istanbul Technical University, Yıldız Technical University, Eskişehir Technical University, Gebze Technical University, İzmir Kâtip Çelebi University, Çanakkale Onsekiz Mart University, and Anadolu University. Additionally, joint projects are being developed on a European scale with the Jaume and Zaragoza Universities in Spain. Joint studies are also ongoing with international research centers such as the Ceramic Research Center (SAM), BOREN, and the Institute of Ceramic Technology (ITC).

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 2025, the center was further strengthened by adding new equipment to its infrastructure, including a 5th generation dry grinding mill with a separator (20 kg/hour capacity) and a gloss meter, for reverse engineering studies and laboratory-based tests with different digital printing machine heads.

Since 2024, the Kaleseramik R&D Center has had the distinction of being the first and only Turkish laboratory to be included in the European Ceramic Society (ECerS) guide. 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 2025
In 2025, the Innovative Piezoelectric Coating Technology developed by the Kaleseramik R&D Center received the Incentive Award in the “Corporate Idea” category at the Golden Trowel Awards, held under the auspices of Yapı Merkezi.

Patents and Scientific Publications
Patent and utility model applications are among the key indicators of R&D competence. As of 2025, the total number of patents and utility models at the Kaleseramik R&D Center reached 16, with 14 patent and utility model applications.

R&D ACTIVITIES

First application in Türkiye with new laser sintering technology

In the area of technology development, R&D efforts have been initiated into laser sintering technology for processing ceramic surfaces.

Scientific publications are a key element demonstrating the contribution of R&D activities to academic and sectoral development. To date, the Kaleseramik R&D Center has authored over 100 scientific publications. In September 2025, the Company participated in the 19th European Ceramic Society Conference in Dresden, Germany, with four oral presentations and two poster presentations.

R&D Projects in 2025

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 2025, new products with thicknesses of 6 mm and 12 mm have been developed, and the world's thinnest porcelain slabs in 100x300 cm and 120x360 cm formats have been produced. 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 2026.

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

First pilot application at the factory with the goal of digitalizing production

In line with the goal of Production Digitalization, which holds a significant place in the digital transformation roadmap, the “Kale 99” project was launched as a pilot application at the granite factory, and the rollout process to other ceramic production factories is nearing completion.

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 2025, the SAP Profitability and Performance Management (PaPM) Module, which enables detailed analysis of factors affecting profitability and effective management of distribution models by key users, was rolled out and its active use has continued.

Digital solutions that provide a holistic response to evolving and diverse customer needs and expectations have been implemented on the Salesforce platform. In this context, the use of domestic and international dealer portals and dealer employee platforms has continued. The project to increase commercial agility in B2B was completed in 2025.

In 2025, the Company continued to use version 2.0 of the Kale Core application, which creates value for all stakeholders and improves the user experience, along with its corporate website, kale.com.tr. The kale.com.tr website is planned to be renewed in 2026. The aim is to restructure the website with a mobile-compatible, sustainable, and efficient digital infrastructure that responds to the expectations of all stakeholders and users—including architects, dealers, craftspeople, corporate users, international sales teams, and end-users—offers content specific to the target audience, and strengthens corporate communication.



Digital solutions that provide a holistic response to evolving and diverse customer needs and expectations have been implemented on the Salesforce platform.

In line with the Digitalization in Production goal, which holds a significant place in the digital transformation roadmap, the “Kale 99” project was launched as a pilot application at the granite factory. Within the scope of the project, data collection and analysis activities have been completed to stabilize process parameters and increase efficiency. The Kale 99 Predictive Quality project, which enables the prediction of quality problems using the granite factory's IoT infrastructure, was also implemented. The system was integrated into the production environment, enabling real-time reporting of quality issues to the relevant business units. In the granite factory's production processes, all production lines were tracked on a work-order basis, and a production control and tracking system was established to ensure the traceability of each tile. The data collected in the system was integrated into the ERP system to create a chart-based reporting mechanism. At the granite factory, all phases covering secondary processes, including Masse and Glaze, have gone live. In 2025, the rollout process for secondary processes at the KB7 and KB3 factories was completed. A rollout is planned for the Siti Slab (SuperA) and System Slab factories in 2026. In 2026, the CeramiQ - Development of Industrial Artificial Intelligence Models Supported by Real-Time Production Data and Data Agents and Design of Interactive Decision Support Assistants Project is planned to commence for a 24-month period, under the TÜBİTAK 1711 Artificial Intelligence Ecosystem call.



The supplier current account registration, purchase order integration and management, service procurement management, and e-tender modules were launched in 2025.

The use of the Supplier Relationship Management (SRM) digital application continued in order to strengthen supplier management processes. The supplier current account registration, purchase order integration and management, service procurement management, and e-tender modules were launched in 2025.

Integration efforts will continue in 2026 for the effective use of this application, which allows for the systematic evaluation of suppliers' strengths and competencies in line with their business strategies, the planning of collaborations, and more effective management of processes.

The effective use of SAP ERP also continues at Kaleseramik Iraq, a subsidiary of Kaleseramik.

The Product Lifecycle Management (PLM) Project for managing all of Kaleseramik's product groups continued in 2025 with its effective use and digitalization steps for process integration.

To increase the use of data analytics models in sales and operations planning (S&OP) processes, a Demand Forecasting Model was created and forecasting processes were initiated. In 2025, the model was retrained and remained in use.

With the Competency Transformation with Artificial Intelligence Project, the creation of an AI platform (Data Insight) through the evaluation of use cases and the implementation of AI agent solutions are planned for 2026.

The use of the KaleKokpit platform, developed to strengthen the performance measurement infrastructure and ensure the transparent traceability of Kaleseramik's KPIs and Pls, is ongoing.

To accelerate the digitalization of workflow processes, an E-flow infrastructure was established, and departmental approval processes and information sharing were moved to a digital environment. Robotic Process Automation (RPA) applications were implemented, enabling the integration of processes such as OGS/HGS payments, POS reconciliation transactions, and e-dispatch/e-invoice entries into the SAP system.

HUMAN RESOURCES

Four key steps
in the cultural transformation approach

Our cultural transformation approach signifies a fundamental change in common attitudes, beliefs, processes, and behaviors, and this transformation is being implemented systematically and holistically within the framework of four defined key steps.

Kaleseramik, with its people-centric management approach, views its employees as its most valuable stakeholders; it builds sustainable success on a strong corporate culture supported by competency-based human resources practices. Acquiring the right talent, placing employees in the most suitable positions according to their competencies, and supporting their continuous development form the foundation of our human resources strategy. Our performance management processes, in turn, contribute to long-term value creation by establishing a strong link between individual goals and corporate strategies.

In line with Kale Group's cultural transformation vision, Kaleseramik aims not only to adapt to the future of work but also to continuously develop and advance its work culture. Our priority is to provide a fair, safe, and development-oriented work environment for every individual through practices that encourage innovative thinking, adapt to globally evolving work models, and focus on the employee experience.



The principle of equal opportunity is fundamental to our recruitment processes; fair evaluation conditions are offered to all candidates through practices that support diversity and inclusion.

Our cultural transformation approach signifies a fundamental change in common attitudes, beliefs, processes, and behaviors, and this transformation is being implemented systematically and holistically within the framework of four defined key steps. With this approach, Kaleseramik aims to carry its strong corporate values into the future while making a culture of high engagement and performance permanent.

Recruitment

At Kaleseramik, recruitment processes are conducted with a fair, transparent, and objective approach in line with company strategies, the competency model, and corporate values. The goal is to place the right talent in the right position, taking into account the organization's current and future competency needs.

As part of our recruitment practices that focus on the candidate experience, systematic methods such as general aptitude tests, foreign language proficiency tests, personality inventories, assessment center applications, and competency-based interviews are applied during the candidate evaluation process, depending on the requirements of the position. At the end of the process, a job offer is made to the most suitable candidate based on all evaluations.

The principle of equal opportunity is fundamental to our recruitment processes; fair evaluation conditions are offered to all candidates through practices that support diversity and inclusion. While the effectiveness of processes is increased through digitalized human resources practices, the goal is to create a measurable and continuously improved recruitment structure.

Since 2019, we have been running the Kalegends Young Talent Program to discover, develop, and recruit young talent. Through the program, we both strengthen our employer brand and shape the future together with young professionals who possess next-generation competencies. Following the recruitment process, we include participants in a hybrid development journey.

Additionally, we create a resource pool for our recruitment process through our apprentice and internship programs.



We offer our employees multi-dimensional learning opportunities through digital learning platforms, in-person training, on-the-job learning, mentoring, and coaching practices.

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.

At Kaleseramik, talent management efforts are carried out under the leadership of Group Human Resources through the Company's Talent Committee. By identifying critical positions and the technical requirements for those roles, succession plans are developed for current and potential employees who have the appropriate competencies. Talent categories are defined using the

4 Box methodology, development needs are identified, and individual development plans are prepared. Talent management processes are reviewed every two years.

In 2025, the succession rate for critical positions exceeded the target.

Learning and Development

The Company's learning and development approach supports a culture of continuous learning by offering all employees training and development solutions in professional, technical, and personal development areas. In this regard, the goals are to strengthen the concept of a learning organization, encourage employees to apply and share the knowledge they acquire, and increase their job satisfaction and motivation.

Our Learning and Development practices include training programs designed based on competency-based needs analyses, training that supports technical and functional development, and development solutions focusing on leadership, managerial skills, and behavioral competencies. We offer our employees multi-dimensional learning opportunities through digital learning platforms, in-person training, on-the-job learning, mentoring, and coaching practices.

The learning and development dimensions offered at our Company are:

- Lean Leader Academy
- MBA Education Support
- KaleKampüs Digital Development Platform
- Digital Transformation and Innovation Academy
- Future Kale Leaders Program
- Kalegends Young Talent Program
- Peer Mentoring and Reverse Mentoring Program
- Kale Masters Internal Trainer Development Program

HUMAN RESOURCES

Systematic development,
corporate success

At Kaleseramik, career management is one of the fundamental human resources processes aimed at systematically developing employees’ knowledge, skills, and competencies, and aligning individual career goals with the Company’s strategic needs.



At the Company, promotion, appointment, grade increase, and rotation processes are conducted with a holistic and objective human resources approach.

Performance Management Process

Kaleseramik aims to create a culture that enables employees to focus on Company goals, encourages high performance, and rewards success.

The performance management system is based on a multi-dimensional and goal-based evaluation approach. Employees’ individual contributions are measured by objective criteria, while ensuring they act in alignment with the Company’s long-term strategic goals. The system is based on a feedback culture focused on employee development.

Performance management processes are conducted in an integrated manner with compensation, bonus, and reward practices, as well as career management, succession plans, and learning and development activities. The performance data obtained significantly contributes to identifying our employees’ strengths, determining areas for development, and creating individual development plans.

Job Evaluation and Wage Management

Kaleseramik adopts the principle of equal pay for equal work and conducts its compensation processes with a performance-based approach. To objectively evaluate the value a job provides to the institution, all job descriptions are analyzed using the internationally recognized Korn Ferry Job Evaluation System. When determining the compensation policy, market analyses, the Company’s current situation, its position in the industry, and its financial strength are taken into account.

In line with company strategies, a job evaluation system covering all employees is implemented to measure the relative value of jobs to the organization. In this system, jobs are graded and grouped within the framework of defined job families. Jobs are graded independently of the individual and title, based solely on their content and contribution to the organization.

Following job evaluation studies, domestic compensation markets are closely monitored through market research, and competitive and fair compensation policies are established based on the data obtained.

Career Management

At Kaleseramik, career management is one of the core human resources processes aimed at systematically developing employees’ knowledge, skills, and competencies, and aligning individual career goals with the Company’s strategic needs. An effective career management approach is critical to ensuring our organizational continuity and retaining qualified human capital within the Company. The average tenure at our Company is 10.97 years.

Promotion, appointment, increase in rank, and rotation processes are conducted with a comprehensive and objective human resources approach. These processes are based on performance and competency evaluation results.

Employees’ career goals are supported by training and development programs, performance management, and competency management practices. The Management Career Path provides the necessary conditions for employees to advance to higher positions and offers a structure focused on developing management and leadership skills. The Technical Career Path, on the other hand, is a career model for employees with in-depth knowledge in specialized fields such as R&D and engineering. Based on competency evaluation results, employees are guided along one of these two career paths, and their career development is planned accordingly.



Under the title “AI by My Side – Competency Transformation with GenAI,” training programs were implemented in the last quarter of 2025 for roles that can actively use artificial intelligence technologies as required by their duties and responsibilities, starting with our senior management teams.

Personnel and Labor Movements, Employee Benefits

Kaleseramik, in line with its modern management approach, aims to continuously improve its working environment and conditions in accordance with legal regulations and international standards.

In this context, in addition to a globally recognized wage management model, we offer our employees the opportunity to tailor their benefits to their individual preferences and needs through a Flexible Benefits Program. We also provide location-specific rent and transportation support, life insurance, meal and food allowances, birth and marriage benefits, annual leave pay, military service support, fuel assistance, bonuses for July 27 Ceramics Day, and Eid al-Adha and Eid al-Fitr, as well as bonus support for blue-collar employees. The benefits package includes options such as private health insurance, a private pension system (PPS), social assistance, education aid, a Ramadan food voucher, Eid al-Adha aid, and vacation support. Additionally, severance and notice pay are paid to employees within the framework of legal regulations.

To support the work-life balance of our female employees and facilitate their family lives, daycare services are provided. This supportive practice, aimed at increasing employee satisfaction and female employment, is a significant indicator of our commitment as an institution to contributing to gender equality and sustainable development goals.

With its practices supporting maternal and infant health, our Company became the first institution in Çanakkale to receive the “Baby-Friendly Workplace” title from the relevant authorities. As part of holding this title, a seminar on “The Importance of Breast Milk” was organized for our pregnant and breastfeeding employees in collaboration with the Provincial Health Directorate, thereby reaffirming our Company’s employee-friendly and socially responsible approach.

As part of our practices supporting employee health and well-being, our Company has renewed its “Nutrition-Friendly and Physical Activity-Supportive Workplace” certificate.

Additionally, four blood donation drives were organized in collaboration with the Turkish Red Crescent in 2025. A significant portion of the blood collected through these efforts was used for the needs of our employees and their first-degree relatives, providing a tangible social benefit.

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. New white-collar employees are offered a “Welcome Pack.”

As of 2025, the shuttle service for employees continues.

Training Programs

Kaleseramik prioritizes employee development by offering Digital Transformation and Innovation Academy 2.0 training for white-collar employees under Future Kale Leaders Program This program, conducted in collaboration with Sabancı University, aims to ensure optimal adaptation to changing global dynamics and industry trends. Additionally, the master’s program under the ÇOMÜ Industry Cooperation Protocol and the master’s support program conducted at other universities continue. To foster the professional growth of blue-collar employees, training programs designed to support Kale Group’s future-readiness vision are being actively pursued.

In today’s world, where digitalization is fundamentally transforming ways of doing business, the goal is to equip our employees with the competencies of the future in line with our group’s strategic priorities. In this context, under the title “AI by My Side – GenAI Competency Transformation,” training programs were implemented in the last quarter of 2025 for roles that can actively use artificial intelligence technologies as required by their duties and responsibilities, starting with our senior management teams. These training programs aimed to strengthen a data-driven perspective in managerial decision-making processes, increase operational efficiency, and promote an AI-supported work culture throughout the institution.

HUMAN RESOURCES

Strong career support
with knowledge and experience

Within the scope of the Kale Masters Program launched in 2022, 26 employees have begun their journeys as trainers by sharing their knowledge and experience during internal training sessions.

The **Finance-Based Leader Development Program** was designed to support employees who will play a critical role in the institution's future or who currently hold management roles, through a development process focused on the skills, competencies, mindset shift, and development areas they need to exhibit. It is planned to be implemented in 2026.

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

Within the scope of the Kale Masters Program launched in 2022, 26 employees have begun their journeys as trainers by sharing their knowledge and experience during internal training sessions.

Internal Communication

With the entry of Generation Z into the workforce, the presence of different generations in the same work environment has led to the emergence of new needs in internal communication processes. Accordingly, improvements have been implemented to meet our employees' expectations for continuous and effective communication, and our internal communication strategies have been updated to attract talent and recruit new employees. While these efforts, conducted through various communication channels, have become an important component of talent management, social club activities that allow our employees to socialize and support their interests also continue uninterrupted. The Nature and Travel Club, Children's Club, Social Responsibility Club, Dance and Folklore Club, Kale Life, Culture, Art and Music Club, Photography Club, and Sports Club, structured according to our employees' expectations and interests, play a significant role in



In 2025, some of the processes carried out within the Human Resources function were moved to a digital environment, and applications that increase speed, transparency, and traceability were implemented.

strengthening employee engagement, enriching the workplace culture, and increasing internal interaction. By increasing motivation, reducing stress, encouraging creativity, and strengthening inter-team solidarity, they contribute to supporting social sustainability and establishing a balanced connection between work and social life.

Kaleseramik, which strengthens the value creation process together with its stakeholders and employees, also brings people together through various events that reinforce its understanding of social sustainability, internal communication, and employee motivation. Inspired by the core values of our foundation, we celebrate July 27 as Ceramics Day each year. On this special day, we come together with our employees, their families, and our business partners at our Çan factories to strengthen solidarity and a sense of belonging. This traditional event strengthens internal bonds while providing an important platform that increases employee satisfaction and community awareness in line with our social sustainability goals. Thus, as the Kale Family, we both uphold our corporate values and solidify the foundation of a sustainable work environment.

Process Improvements

To increase corporate productivity and the effectiveness of business units, our TZY organization has been restructured to align with our strategic priorities.

To ensure business continuity and minimize risks that could arise from labor shortages, the 2025 talent management efforts have been completed. In the process that began with the identification of critical positions, the technical requirements for these positions were defined, and talent categories were created in line with the 4 Box methodology. Succession plans were prepared, and technical and competency-based development needs for the relevant positions were identified.

In 2025, some of the processes carried out within the Human Resources function were moved to a digital environment; applications that increase speed, transparency, and traceability were implemented.

Our digital-based recruitment platform was enhanced, and the candidate offer acceptance process was moved to a digital environment; all recruitment and onboarding steps following offer acceptance were also redesigned to be end-to-end digital.

An AFAD Search and Rescue Team was formed, and training sessions were completed. The accreditation process is ongoing.

2026 Targets

As employee expectations, needs, and sources of motivation change rapidly, human resources processes are being shaped in line with sustainable growth targets and aligned with the Company's transformation and growth strategies.

The activities planned by the Company for 2026 to ensure organizational agility and competency development are as follows:

- Use of Agile and Lean management in processes and teamwork
- Employer branding efforts
- Cultural Transformation Awareness and Change
- (Supporting Competency Development programs aligned with changing conditions (Artificial Intelligence, Innovation, etc.) (Digital Transformation and Innovation Academy), and continuing our Talent Management program with a focus on value creation
- Data-Driven and Analytical HR
- "Increasing strategic contribution by making Human Resources decisions based on data and analytics."
- Optimizing the organizational structure in line with market conditions and target market strategies to increase company performance and resource utilization efficiency
- In line with our Company's strategy of growing through localization in international markets, one of the main priorities of Human Resources is to attract and sustainably develop competent human capital that understands the dynamics, cultural structure, and market requirements of different geographies, possesses a global perspective, and creates value with local expertise.



HUMAN RESOURCES

A guiding force in the industry
with thousands of employees

Kaleseramik guides many industries with its 2,991 employees.

Kaleseramik Number of Employees

White Collar	476
Blue Collar	2,515
Total	2,991

Distribution of Employees by Age

Age	White Collar	Blue Collar	Total
Ages between 18-20	0	29	29
Ages between 21-25	13	189	202
Ages between 26-30	76	333	409
Ages between 31-35	85	406	491
Ages between 36-40	99	469	568
Ages between 41-50	151	914	1,065
Ages between 51-60	52	172	224
Age of 60 and above	0	3	3
Total	476	2,515	2,991

Educational Status of Employees

Educational Level	White Collar	Blue Collar	Total
Undergraduate and Higher	412	60	472
Associate Degree	36	363	399
Vocational High School	3	548	551
High School	20	840	860
Primary School	1	708	709

Number of Employees by Gender

Gender	White Collar	Blue Collar	Total
Female	168	589	757
Male	308	1,926	2,234



SUSTAINABILITY APPROACH

Responsible management approach,
meticulously evaluated processes

Kale Group builds the future of production with a solution-oriented and sustainable system approach, acting with a responsible management philosophy by meticulously evaluating environmental and social impacts.

As part of Kale Group's deep-rooted heritage, Kaleseramik approaches production and growth not only in terms of economic gains but also with the responsibility of creating social value. It is expanding its sphere of influence in all regions where it operates, particularly in Türkiye, and structuring its business processes to create common benefit while contributing to sustainable development.

Kale Group adopts a human-centric approach as the cornerstone of its corporate culture. It builds the future of production with a solution-oriented and sustainable system approach, acting with a responsible management philosophy by meticulously evaluating environmental and social impacts. In this context, the "Care for Your World" movement was launched to initiate a conscious transformation extending from the individual to society. The movement, which draws its inspiration from global transformations and insights into their effects on individuals, is based on the understanding that small individual changes can combine to create a large-scale improvement.

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.

Kale Group developed its Sustainability Strategy, updated in 2024, by closely monitoring new approaches emerging from the sectors in which it operates across the Group and the global sustainability agenda, and by analyzing the impacts of these developments on its activities and potential risks.

Accordingly, a more resilient management approach has been adopted against the constantly changing global agenda and the environmental and social impacts of the climate crisis, with the goal of maintaining leadership in the sectors where it operates. The Sustainability Strategy is built on the focus areas of Cultural Transformation, Energy and Resource Management, Sustainable Business Model, and Social Impact.

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 thinking and working. Based on human-centric business practices, it aims to create an inclusive work environment that embraces gender equality and equal opportunity, thereby becoming one of the most preferred employers. In line with global sustainability and technological developments, training and development programs are being developed to ensure that current employees fully adapt to future competencies and to attract new, strategically important talent to the organization. By adopting a resilient and agile management approach to the constantly changing global agenda, organizational processes that increase efficiency and effectiveness are designed, utilizing next-generation digital tools. An impact-oriented cultural transformation is being integrated into all group companies through a model that offers dynamic and diverse work experience opportunities.

Energy and Resource Management: Kaleseramik carefully analyzes the environmental impacts of its activities and operates with a vision of 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. The Company focuses on designing recyclable products by integrating circular economy principles into its business processes.



Kale Group supports emerging talent in finding their space through the Kale Design and Art Center, which has taken on the mission of serving as an "incubation hub for social investments."

Kaleseramik 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: Kaleseramik carries out activities to ensure the continuity of its business and to establish a resilient management approach against changing global dynamics. 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.

Each year, improvements of up to 2% of the total procurement turnover are achieved through improvements made by existing suppliers, the identification of alternative suppliers, R&D for new products, and benchmark analyses of supplier processes within the scope of supplier development and improvement processes.

Social Impact: Kaleseramik aims to be a pioneer in social investments that unite Group companies on common ground and are developed on the basis of positive impact and shared benefit, focusing on social programs that contribute to the Sustainable Development Goals. It increases social benefit through strategic collaborations by developing social investment projects that also include employee volunteering.

Kale Group supports emerging talent in finding their space through the Kale Design and Art Center, which has taken on the mission of serving as an "incubation hub for social investments." Since 2017, it has been supporting initiatives focused on social challenges through the İbrahim Bodur Social Entrepreneurship Award Program, which enables the sharing of created value with society and allows for mutual development, thereby strengthening its brand value by establishing collaborations with these enterprises.

The Kaleseramik Foundation supports new talent with the programs it develops, embracing them as potential Kale employees and developing initiatives that promote youth employment through various collaborations, primarily 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.



SUSTAINABILITY APPROACH

Care for Your World
aligned with global goals

The 2030 targets were established within the framework of the four impact areas and material topics of the Care for Your World movement, and the sustainability targets, projects, and actions have been aligned with eight of the United Nations Sustainable Development Goals.



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.

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%
- Keep the turnover rate for the Kalelegends Program below 30%
- Ensure the turnover rate for Future Kale Leaders
- Ensure that 80% of employees complete 40 hours of training
- Achieve 100% succession coverage for critical positions by 2030

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

- Increase revenues from sustainable products
- Achieve above-sector-average performance on ESG ratings platforms
- Ensure 100% compliance of critical suppliers within the supply chain with environmental and social standards by 2030

Social Impact

- 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



In 2026, Kaleseramik obtained two different ESG ratings and was included in the BIST Sustainability Index, ranking among the top five companies globally and first in Türkiye.

Kale Group aims to be a reliable and preferred group of companies that looks to the future of work, embraces innovative ways of thinking and working, supports entrepreneurship within an inclusive and dynamic structure, and where talent finds opportunities to realize their potential. In line with this vision, the development of employees in mid-level management roles and in the talent pool at Kale Group companies is supported through the “Future Kale Leaders Program,” implemented in collaboration with Sabancı EDU. This one-year program is implemented to develop leaders from within who will carry the Group into the future, to equip them with competencies suitable for the new era's requirements, and to create a common language and culture.

The Kalelegends Young Talent Program reaches out to young talents to get to know them closely, with the aim of cultivating Kale Group's next generation of conscientious leaders, and supports them with multifaceted development programs to ensure they get a strong start to their careers.

The online training platform KaleKampüs was launched to increase the holistic benefits offered to employees. The KaleKampüs Online Development Platform has provided employees with access to training regardless of time and place, offering comprehensive development resources such as interactive e-learning content, video training, live virtual classes, in-class training, articles, blog posts, TED Talks videos, film recommendations, and book summaries. The platform includes content in various categories such as competency development, vocational and technical training, personal development and leadership training, and legal and mandatory training, and the performance of training provided to employees via KaleKampüs is monitored.

Kaleseramik has become a stakeholder in the HY South Marmara Hydrogen Valley Project, Türkiye's first Hydrogen Valley project. This important project, which aims to reduce fossil fuel use in industry and promote the widespread adoption of green hydrogen, has been deemed worthy of support by the European Commission under the Horizon Europe program.

Within the scope of the project, the goal is to use green hydrogen for production at the Çan facilities for four years and to reduce carbon emissions by one-quarter. The Company is taking part in hydrogen combustion systems, carrying out studies to partially substitute the natural gas used as fuel in furnaces with hydrogen. The project, which aims to develop the use of hybrid fuel in the sintering processes of ceramic tiles, was approved in 2023, and project activities are ongoing.

This project, a turning point for the green transformation in industry, is expected to make significant contributions to Türkiye's 2053 Net Zero targets. At the same time, the project, which serves as a guide for the sector's development in this field, sets an example not only for architects and engineers who want to construct green buildings but for everyone who aims to build a sustainable future. Kaleseramik remains committed to the HY South Marmara - Hydrogen Valley Project.

Kaleseramik has focused its efforts on production efficiency and process development, centering on innovation, one of the core values of its North Star approach, which is shaped by the vision of redefining living spaces. In this regard, it has accelerated cultural transformation by supporting the spread of a creative thinking culture within the organization, strengthened stakeholder engagement, and focused on improving existing products, processes, and services, as well as developing new products, services, and business models.

In 2025, the third Sustainability Report compliant with GRI standards was published; in addition, a Sustainability Report compliant with TSRS (Türkiye Sustainability Reporting Standards), a first in the ceramic sector, was shared with the public.

In 2026, Kaleseramik obtained two different ESG ratings and was included in the BIST Sustainability Index, ranking among the top five companies globally and first in Türkiye. Kaleseramik was among the top five Turkish companies in the building materials sector in the FTSE4Good Emerging Markets Index, compiled on the basis of ESG criteria, and was also the only Turkish ceramics company invited to participate in the S&P Global Corporate Sustainability Assessment (CSA) Index.

OCCUPATIONAL HEALTH AND SAFETY

Regular audits for a healthy working environment

At Kaleseramik, occupational health and safety practices are carried out in compliance with the ISO 45001 Occupational Health and Safety Management System Standard, and their effectiveness is monitored through regular audits.

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. Operating under the motto “We are the Castle of Occupational Safety,” the Company monitors OHS targets at both senior management and group levels, positioning occupational health and safety as one of its highest priorities. Accordingly, the Company embraces the principle that human life is invaluable and cannot be compared to any business objective, and continues to take all necessary measures to ensure employees can work in a safer environment.

At the Company, occupational health and safety practices are carried out in compliance with the ISO 45001 Occupational Health and Safety Management System Standard, and their effectiveness is monitored through regular audits. Regular 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.



In 2025, contractor and visitor management processes were digitized, marking a significant transformation in terms of operational efficiency, regulatory compliance, and process transparency.

Continuous improvement activities are carried out to eliminate risks to life and property, such as illness, injury, and emergencies. 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.

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

Activities Carried Out in 2025

Digitalization of Contractor and Visitor Management Processes

In 2025, contractor and visitor management processes were digitized, marking a significant transformation in terms of operational efficiency, regulatory compliance, and process transparency. Through the Contractor Digital Program, tracking of legal documents for contractor companies and their personnel is now managed through a centralized system.

This initiative has contributed to the corporate development of partner firms while also making the legal processes within Kaleseramik more transparent, traceable, and sustainable.

Data Obtained within the Scope of the Program (2025)

- Number of registered firms: 309
- Number of registered employees: 1,597
- Company documents checked: 927
- Employee documents checked: 7,985

Throughout the year, checks were systematically conducted in line with relevant legislation and Kaleseramik procedures; deficiencies were monitored digitally, and necessary actions were completed as planned.

Digital Tracking of Training and Development Processes

Under the Contractor Digital Program, not only document tracking but also the management of contractor personnel training processes have been integrated into the digital environment. Through the program, planned training is assigned to contractor company personnel via remote learning methods, and their participation, completion, and performance are tracked through the system.

This has helped raise the knowledge and competency levels of field personnel, strengthen regulatory compliance, and provide sustained support for the OHS culture.

Lifeline Installations

At the Kaleseramik Çan facility, lifelines were installed on rooftops to improve safe working conditions at height.

As of 2025, lifeline installations have been completed on a total of 16 roofs, with the total length of the installed systems reaching 19,000 meters.

This investment aimed to:

- Reduce the risk of falls during work-at-height activities,
- Ensure full compliance with legislation,
- Increase employee safety in field operations, and
- Strengthen the proactive approach to preventing workplace accidents.

KALESAR Light Urban Search and Rescue Team

In cooperation with AFAD, the KALESAR Light Urban Search and Rescue Team was established to strengthen the capacity to respond to disasters and emergencies.

The necessary theoretical and practical training for the team has been completed, and the operational readiness process has been successfully carried out. Team members have been equipped with the skills to respond swiftly and in a coordinated manner in the event of a disaster. Accreditation efforts are currently underway, and upon completion of the process, the team is expected to be officially deployable in accordance with national standards.



OCCUPATIONAL HEALTH AND SAFETY

Safe equipment for
uninterrupted operational efficiency

Regular periodic inspections of equipment used throughout the Company are carried out; in 2025, a total of 5,219 pieces of equipment were inspected.



A drone-assisted inspection system was introduced to eliminate the need to work at height during safety inspections.

Occupational Health and Safety Week

An Occupational Health and Safety Week event was held in the first week of May to strengthen the safety culture and raise awareness among employees.

Approximately 450 Kaleseramik employees and representatives from supplier companies participated in the event. The program included interactive applications for employees based on knowledge assessment.

Activities Held

- In the “If You Don’t Take Risks in Occupational Safety, You Win” competition, participants’ knowledge levels were assessed through a total of 150 OHS questions.
- The recognition of 38 occupational safety signs was evaluated through the Health and Safety Signs Matching Game.
- In the “Guess What’s in the Jar” Competition, general safety awareness was measured by asking a total of 70 questions on various topics.
- Supplier companies also set up stands and organized knowledge quizzes and skill-based games to promote OHS awareness.

At the end of the event, prizes were awarded by lottery to 25 employees who set an example with their compliance with job safety rules throughout the year. Various prizes were also awarded through a draw held among event participants.

The outcomes of the program were assessed at its conclusion; increases in employee participation, knowledge levels, and awareness were analyzed to identify areas for improvement in future periods.

This event contributed to embedding an OHS culture across the organization and to reinforcing a sustained awareness of safe working practices.

Periodic Inspections

Regular periodic inspections of equipment used throughout the Company are carried out; **in 2025, a total of 5,219 pieces of equipment** were inspected.

Improvements

A drone-assisted inspection system was introduced to eliminate the need to work at height during safety inspections. This allows for both the supervision of work performed at height for job safety purposes and the monitoring of equipment located at height via drone, without the need to ascend.

As part of improvement efforts to reduce noise exposure in operational areas, the installation of noise enclosures for newly commissioned machinery has been completed.

Improvements have been made where necessary in battery charging areas to mitigate fire, ignition, and explosion risks.



In 2025, a total of 54,481 hours of training was delivered to 4,944 individuals, including collaborators, across all locations.

Health Initiatives

As part of ongoing efforts to prevent musculoskeletal disorders, manual therapy sessions at the factories continued until May 2025.

The **Nutrition-Friendly and Physical Activity-Supporting Workplace Certificate**, issued by the Ministry of Health and first awarded in Çanakkale to the Kaleseramik factory, was renewed for three years on July 29, 2025.

In 2025, four blood donation drives were organized in the factories in collaboration with the Turkish Red Crescent, with approximately 300 units of blood donated.

OHS Training

The Company aims to provide occupational health and safety training to enhance job safety awareness. In 2025, a total of **54,481 hours** of training was delivered to **4,944 individuals**, including collaborators, across all locations.

Investment Plans for 2026

In the period ahead, the aim is to manage OHS non-conformities identified during site inspections through a company-wide integrated digital program.

This planned structure will allow for the simultaneous monitoring of non-conformities and improvement activities at all locations, while action processes can be centrally tracked and reported. The planned goals include obtaining AFAD accreditation for the Light Urban Search and Rescue Team and migrating the work permit system to a digital platform and launching it.

ENVIRONMENT

Clean energy for maximum production capacity

Kaleseramik conducts work to reduce greenhouse gas emissions, expand the use of renewable energy, increase the closed-loop production rate, and ensure resource efficiency.



As a result of practices carried out in 2025, a **15% increase** in the closed-loop production rate was achieved **compared to 2021**.

Environmental challenges with a growing global impact, most notably the climate crisis, make it imperative to achieve resource efficiency, accelerate the transition to renewable energy, expand circular economy opportunities, and shift toward clean technologies. Kaleseramik embraces sustainability as a core business principle and is taking pioneering steps in its sector in pursuit of the targets it has set.

In line with the targets set for environmental sustainability, the Company carries out activities to reduce greenhouse gas emissions, increase renewable energy sources, raise the closed-loop production rate, and ensure resource efficiency. The Company targets a 25% reduction in direct greenhouse gas emissions by 2030 compared to 2021, a 25% decrease in water consumption in production, and a 100% increase in the closed-loop production rate. Additionally, the plan is to source 100% of the electricity used from renewable sources by 2030.

As a result of improvements at its production facilities, the Kaleseramik facility was named “Türkiye’s Most Efficient Industrial Facility” by the Ministry of Energy and Natural Resources in 2013. Production processes have been made transparent, and an **Environmental Product Declaration (EPD) Certificate**, verified by independent organizations, has been obtained for all products. All ceramic products have held this certification since

2013. Additionally, all of the Company’s ceramic coating materials have qualified for **Greenguard Gold** certification by meeting the most stringent 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

For the ceramic industry, which largely utilizes local raw material sources, recovery efforts are of great importance for building a sustainable future in the sector. 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. In this context, investments are being implemented and formulation work is being carried out. Kaleseramik continues its projects in line with its goal of increasing the closed-loop production rate. As a result of initiatives carried out in 2025, **the closed-loop production rate increased by 15% compared to 2021**.

Waste inevitably generated at various stages of production, from raw material acquisition to maintenance and laboratory work, is sorted by type, recovered, and reintegrated into the production process. Savings in natural resource consumption are achieved through the use of high-efficiency equipment and lighting applications in production areas.

Waste heat management also stands out as a significant area of application within resource efficiency. Waste heat generated during production processes is utilized in drying processes, resulting in natural gas savings. Furthermore, the use of waste heat in greenhouse facilities engaged in organic farming contributes to circular economy practices.

Through its waste management practices, Kaleseramik minimizes the environmental impact of waste and contributes to resource conservation, while also implementing various projects to reintegrate waste into the economy. In line with its social responsibility approach, blue bottle caps collected by our employees are donated to the Spinal Cord Paralytics Association of Türkiye.

Protecting the Environment with Smart Products

Kaleseramik’s eco-friendly and resource-saving products, designed with its ‘Smart’ philosophy, offer sustainable solutions to 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. Cura Tile by Kale is an innovative product series that improves indoor air quality and aims to protect user health and the natural environment, paving the way for both environmentally conscious industrialization and sustainable urbanization. The thin-section Smartedge sinks contribute to the conservation of natural resources through raw material and energy savings compared to conventional sink production.

Environmental Investments Planned for 2026

In line with its greenhouse gas emission reduction targets, Kaleseramik continues its efforts to increase energy efficiency while transitioning to clean technologies and utilizing alternative energy sources. Aiming to reduce direct greenhouse gas emissions by 25% by 2030 compared to 2021, the Company is conducting research to optimize energy use in its production processes and introduce new technologies.

In addressing climate change, Kaleseramik prioritizes energy savings and the shift to renewable energy sources. In this context, the goal is to source 100% of electricity from renewable sources by 2030, with solar power plant (SPP) investments planned for the 2025–2030 period and feasibility studies already initiated. A **solar power plant (SPP) investment** has been prioritized for the Yozgat region, with the investment targeted to begin in 2026. This investment is expected to contribute to a reduction equivalent to 15% of total Scope 2 emissions.

Increasing closed-loop production is targeted as a means of strengthening the circular economy approach and minimizing the environmental impact of production processes. In parallel, and in line with the goal of achieving a 25% reduction in water consumption, technical research is ongoing into reusing treated wastewater from existing treatment plants in production, and investments are planned in this area.



SUSTAINABLE SOCIAL IMPACT

Innovative solutions for the social entrepreneurship ecosystem

KSV makes meaningful contributions to the social entrepreneurship ecosystem, supporting the development of innovative solutions to the challenges facing the world and humanity.

SUSTAINABLE SOCIAL IMPACT

Under the umbrella of the **Dr. (h.c.) İbrahim Bodur Kaleseramik Education, Health and Social Aid Foundation (KSV)**, Kaleseramik implements various social responsibility initiatives in the fields of education, employment, and social entrepreneurship, guided by a vision of creating social benefit. Through scholarships, vocational skills courses, industry-university collaborations, support for social entrepreneurship, and investments in educational infrastructure, the professional and personal development of individuals is supported, thereby contributing to the general welfare of society.

KSV takes an active role in the education and career processes of students and young professionals with the aim of creating a lasting and measurable social impact. Efforts to generate social value continue uninterrupted through volunteering activities, mentorship programs, and technical training.

In addition, KSV makes numerous contributions to the social entrepreneurship ecosystem, supporting the creation of innovative solutions to the problems facing the world and humanity. This support, under the İbrahim Bodur Social Entrepreneurship Program, consists of an awards program, a community development program, and a social entrepreneurship training program.

All of KSV's activities directly contribute to the implementation of the Sustainable Development Goals.

İbrahim Bodur Social Entrepreneurship Program

The İbrahim Bodur Social Entrepreneurship Program is a social impact program that supports the development of ventures aiming to create social and environmental impact, while also contributing to the strengthening of the social entrepreneurship ecosystem in Türkiye. The program supports social enterprises and impact-oriented entrepreneurs in the Early Stage, Advanced Stage, Collaboration, and Youth categories, while also contributing to the capacity development of the community of finalists and winning ventures.

9th Annual İbrahim Bodur Social Entrepreneurship Program Awards

Support activities for the social entrepreneurship ecosystem continued within the scope of the 9th Annual IBSG Program Awards held in 2025. A total of 373 applications were received for the program, an 18% increase compared to the previous year.

Following a multi-stage evaluation process, a total of five ventures were awarded in different categories.

Within the program, TL 1,250,000 in financial support was provided, contributing to the scaling of social enterprises at various stages of development, and the ventures were included in the IBSG Community.

The IBSG Program operates not merely as an awards mechanism, but as a long-term ecosystem initiative that strengthens knowledge sharing, partnerships, and impact generation in the field of social entrepreneurship.

IBSG 2025 Community Gathering

Beyond the awards process, the IBSG Program aims to create a sustainable community structure among social entrepreneurs. Accordingly, the IBSG Community Gathering held on June 25, 2025, brought together program Fellows from various years—especially the newly selected members joining the community—along with impact investors, representatives of the social entrepreneurship ecosystem, and Kale Group executives. This served to introduce the new fellows to the ecosystem.

IBSG Retreat'25

The IBSG Retreat Day, held in Akmeşe, İzmit, on October 4–5, 2025, aimed to build stronger bonds within the community and enhance collaborative learning processes with the 20 social entrepreneurs who attended.



KSV regularly conducts the “Mentorship Program and Student Meetings” to support the personal and professional development of scholarship recipients, in addition to their academic progress.

IBSG 10th Anniversary Workshop

A multi-stakeholder workshop was organized to conduct strategic assessments for the future of the IBSG Program as it approaches its 10th anniversary.

At the workshop, attended by social entrepreneurs, academics, impact investors, civil society representatives, and communication experts, the impact of the program's first 10 years was evaluated, and strategic directions for the future were discussed.

The workshop reaffirmed that IBSG has become a key reference point in the development of Türkiye's social entrepreneurship ecosystem, with the Fellow community formed through the program highlighted as one of its most significant assets.

Corporate Transformation from an Impact Investing Perspective

In 2025, Kale Group initiated a corporate transformation study focused on impact investing to more strongly integrate social and environmental impact into its corporate decision-making mechanisms. Within the scope of the project, Kaleseramik, Kalekim, Kale Holding, and KSV were analyzed from an impact perspective. An assessment was made of how this perspective could contribute to the activities and profitability of the respective entities. The resulting recommendations were compiled into a report and presented to Senior Management. In the upcoming period, preparatory work has begun for a transition to an impact and innovative finance-based structure across the relevant companies.



SUSTAINABLE SOCIAL IMPACT

Strong support across every stage of education

In 2025, KSV made a significant contribution to the educational and developmental journeys of 403 students at the primary-middle school, high school, undergraduate, graduate, doctoral, and vocational school levels.

Accompanying Youth on Their Development Journey: Scholarship and Beneficiary Development Programs

As the Kaleseramik Foundation, scholarship programs are viewed not merely as a mechanism for financial support, but as a development ecosystem where young people can discover their potential, improve themselves, and forge their own paths.

In line with this approach, the 'Mentorship Program and Student Gatherings' are regularly held to support scholars' personal and professional development in addition to their academic progress. Through these programs, the goal is for young people to gain access not only to knowledge but also to experience, inspiring stories, and a strong community network.

Since its establishment, the Foundation has supported nearly 10,000 high-achieving students in need from all 81 provinces of Türkiye, studying in fields such as engineering, architecture, and management sciences at prestigious universities including Boğaziçi University, Yıldız Technical University, Galatasaray University, ITU, Mimar Sinan Fine Arts University, and METU. In 2025, it contributed significantly to the educational and development journeys of 403 students across primary, middle school, high school, undergraduate, graduate, doctoral, and vocational education levels.

Mentorship Program: Sharing Experiences and Perspectives

Within the Mentorship Program, professionals with experience in various sectors are brought together with KSV scholars, providing young people with access to the guidance they need on their career journeys.

The program is structured not just as a process for sharing career advice, but as a developmental space that supports young people in getting to know themselves, discovering their strengths, and making more informed decisions about their futures.

In the 2025 Mentorship Program, 42 mentors were matched with 42 scholarship recipients; over the course of the program, 252 one-on-one meetings were held, enabling young people to build regular relationships with professionals from a range of sectors. The meetings covered topics such as career planning, competency development, preparation for the business world, and personal development.

The Mentorship Program also creates an important learning space that enables the sharing of experience and knowledge from within the organization with younger generations. During the program, mentors convey their professional experiences, while scholars make the perspectives and expectations of the new generation visible, thereby strengthening mutual intergenerational learning and dialogue.

Traditional Student Meeting: "Leader of Your Own Path"

The Student Meetings, an important complement to the scholarship programs, are held as a learning and sharing environment where scholarship recipients come together with each other, mentors, and inspiring speakers from various fields.



Within the scope of the 2025 Mentorship Program, 42 mentors and 42 scholarship recipients were matched; through 252 one-on-one meetings held during the program, young people were able to establish regular contact with professionals from various sectors.



The Building Surface Technician Program began accepting students and commenced instruction in the fall semester of the 2025–2026 academic year (September 2025), within the quotas determined by the Council of Higher Education (YÖK).

The theme of the student meeting held in 2025 was designated as "Leader of Your Own Path." This theme was chosen based on the importance of young people creating their own unique paths by discovering their potential, rather than merely following existing career patterns in today's world. The rapidly transforming business world, emerging new professional fields, and changing competency expectations make it more important than ever for young people to be able to determine their own direction.

Accordingly, the program content was designed to help young people discover not only career opportunities but also their own values, motivations, and strengths. Through talks, panel sessions, and interactive discussions organized within the program, scholarship recipients had the opportunity to hear from a diverse range of professionals and ask their questions directly.

VOCATIONAL TRAINING

The vocational training programs in ceramic and tile craftsmanship, which have been conducted for 34 years under the umbrella of KSV with the support of Kaleseramik and have provided significant expertise, were restructured in 2025 as the Building Surface Technician Program within the Construction Department of ÇOMÜ Technical Sciences Vocational School,

following a protocol signed between KSV, Kaleseramik, Kalekim, and Çanakkale 18 Mart University. As one of the most critical examples of university-industry collaboration, this training program features an educational model developed by Kaleseramik experts that meets the needs of the ceramic industry and aligns with contemporary technological requirements. This model provides a hands-on learning ecosystem that integrates production processes, digital design, assembly technologies, analytical skills, and green transformation topics. The program began accepting students and commenced instruction in the fall semester of the 2025–2026 academic year (September 2025), within the quotas determined by the Council of Higher Education (YÖK).

In addition, many activities were carried out in the field of vocational training in 2025.

Completed/Ongoing Vocational Training Courses

The vocational course in ceramic tile laying, conducted in Hatay in collaboration with the Governor's Office, Metropolitan Municipality, Provincial AFAD Directorate, Provincial Directorate of National Education, Provincial Directorate of Turkish Employment Agency (ISKUR), and our Foundation, has been completed. 18 trainees graduated from the course, which was completed on April 8, 2025.

The vocational course in ceramic tile laying, initiated on January 7, 2025, for juvenile inmates at the Samsun/Kavak Juvenile and Youth Prison, was completed on March 21, 2025. At the end of the course, 21 trainees graduated.

The vocational course in ceramic tile laying, initiated on July 8, 2025, for juvenile inmates at the Samsun/Kavak Juvenile and Youth Prison, was completed on September 22, 2025. At the end of the course, 18 trainees graduated.

The vocational course in ceramic tile laying, initiated on December 1, 2025, for inmates at the Hatay Open Prison, is ongoing with 20 trainees.

SUSTAINABLE SOCIAL IMPACT

Contributing to the future through training and consulting

In 2025, Kaleseramik led the development of the industry and a qualified workforce through technical support to the public sector, academic contributions to universities, and comprehensive training.

Completed/Ongoing Social Projects

A one-day theoretical training on ceramic tile application techniques was organized for the technical staff (engineers, architects) of the Ministry of Justice. 12 engineers and architects from the Ministry's staff attended the training. (January 24, 2025)

Technical application training for slab products was organized at the Çan factory. Five master craftsmen attended the two-day training. (April 24-25, 2025)

Çanakkale 18 Mart University Activities/Training

Preparation of the curriculum for the "Building Surface Design Technician" program established at the university has been completed. (May 6, 2025)

Cost studies (workshop setup and tool/equipment survey and pricing) were conducted for the workshop where practical training for the Building Surface Design Technician program is planned to be delivered. (August 25-26, 2025)

Presentations and lecture notes were prepared for the Building Materials and Surface Coating Technology 1 course, to be taught by our Foundation in the first semester of the Building Surface Design Technician program. (September 22, 2025)

A draft layout plan was developed for the applied workshop where practical courses in the Building Surface Design Technician program will be delivered. (October 3, 2025)

A list of material samples for theoretical lectures and a priority list of tools and equipment for the practical workshop have been prepared for the Building Surface Design Technician department. (October 6, 2025)

The Building Materials and Surface Coating Technology 1 course in the Building Surface Design Technician program is currently underway with 14 students enrolled.

Istanbul University Training

The Building Materials course continues to be offered to students at the Istanbul University Vocational School of Marketing. A total of 265 students have attended the courses offered over 11 semesters between 2014 and 2025.

Other Completed Activities

Inspections of ceramic tile, countertop, paint, and related works were carried out for the METU Physics Department research building in Ankara. (January 6-20, 2025)

An on-site visit was conducted with university representatives to the installation area for the ceramic tiles supplied to the Çanakkale 18 Mart University Sports Sciences swimming pool. (May 20, 2025)

Requests from the Çan Dumanlı Village Mosque, the Balıkesir İbrahim Bodur Vocational Training Center, and the Balıkesir M. Şeref Eğinlioğlu Mosque were assessed through on-site inspections. (June 27, 2025)

Technical support was provided for the revision of housing construction specifications at the Ankara TOKİ Presidency. (September 26, 2025)

Our Foundation provided technical support for the revision of the Ceramic Tile Laying course program, which is part of the non-formal education course programs of the General Directorate of Lifelong Learning of the Ministry of National Education. (October 17, 2025)

Our Foundation provided technical support for the revision of the "Technical Specification for Wall and Wall Cladding Works" and the "Technical Specification for Flooring Works" carried out by TOKİ. (October 24, 2025)



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 March 6, 2026, it was stated that "in the 2025 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 2025 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, 2025, the total amount of benefits provided to the members of the Board of Directors and senior management is 53,412,507. (January 1 - December 31, 2024: TL 77,214,955).

INTERNAL AUDIT AND INTERNAL CONTROL 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.

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 compliance of the Internal Audit Department’s activities with the International Standards for the Professional Practice of Internal Auditing, in line with the International Institute of Internal Auditors (IIA) criteria, was confirmed through a Quality Assurance Review (QAR) conducted by KPMG in 2020. A further QAR is planned for 2026 to renew this certification.

The 2025 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.

Under the 2025 audit plan, audit and review activities were conducted in accordance with the annual audit program, with a primary focus on Procurement Audit Follow-up Items, Supplier Payments, the Al-Sadaf Ceramic and Porcelain Ltd. Integration Audit, and Fixed Asset Management processes.

In 2025, 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 six meetings in 2025. 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 specifically monitored within the Corporate Risk Management process and the practices addressed in 2025 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.

INFORMATION ON RISK MANAGEMENT PRACTICES

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 2025

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 2025

The Company has not been subject to any private and public audits in 2025.

EXPLANATIONS ON THE EXTRAORDINARY GENERAL ASSEMBLY MEETING HELD IN 2025

No Extraordinary General Assembly Meeting was held in 2025.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

The application and implementation of the “Corporate Governance Principles” issued by the Capital Markets Board of Türkiye (CMB) are crucial for the credibility of public companies.

As one of Türkiye's leading publicly traded companies and mindful of the responsibilities it owes to its stakeholders, Kaleseramik has adopted these principles and exercises the utmost care and diligence in complying with the Capital Markets Law (CML) and the secondary regulations and decisions of the Capital Markets Board of Türkiye (CMB).

In 2025, the mandatory principles under the Corporate Governance Communiqué No. II - 17.1 were fully complied with, and the vast majority of non-mandatory principles were also observed. While full compliance with the non-mandatory Corporate Governance Principles is targeted, it has not yet been achieved with respect to certain principles due to implementation challenges, ongoing discussions both in Türkiye and internationally regarding such principles, and the lack of full alignment of certain principles with the current structure of the market and the Company.

Administrative, legal, and technical assessments of the principles that have not yet been implemented are kept continuously on the agenda.

In 2025, activities in the area of corporate governance were carried out in accordance with the Capital Markets Law, the Capital Markets Board's regulations on Corporate Governance Principles, and the communiqués issued thereunder. The 2025 Ordinary General Assembly meeting was held in accordance with the regulations in the Communiqué. Following the 2025 Ordinary General Assembly, the Board of Directors was formed in accordance with the regulations in the Communiqué. Prior to the General Assembly Meeting, the process for the nomination and public disclosure of independent board member candidates was carried out, and the election was completed in compliance with the applicable regulations.

Information regarding privileged shares, voting rights, organizational changes and other matters required to be disclosed under the applicable Corporate Governance Principles, together with the resumes of the Board of Directors nominees, the remuneration policy for the Board of Directors and senior management, and other required disclosures, was made available to our investors through the General Assembly Information Document three weeks prior to the Ordinary General Assembly held on May 30, 2025.

During the year, the Company's website and annual report were reviewed, and necessary revisions were made to ensure full compliance with the principles. In this context, the Annual Report provides comprehensive disclosures regarding the areas in which compliance has been achieved with the principles set out in the Sustainability Principles Compliance Framework introduced through the amendment to the CMB Corporate Governance Communiqué. Evaluations regarding the principles with which full compliance has not yet been achieved are included in the Sustainability Principles Compliance Statement.

The committees established by the Board of Directors continue to operate effectively. During the year, the Board of Directors evaluated the activities carried out by the Committees in 2025. As part of the year-end performance evaluation process, in addition to financial and operational indicators, the level of achievement of targets related to the implementation of the Company's strategies was also assessed, and these measures were incorporated into the performance and reward system.

As announced in our material event disclosure dated January 27, 2025, the Company entered into a one-year agreement with Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate), which is authorized to provide corporate governance rating services in accordance with the CMB Corporate Governance Principles, for the independent assessment of the Company's level of compliance with the Corporate Governance Principles.

As a result of the initial rating assessment conducted by Kobirate, the Company's Corporate Governance Compliance Rating Score was determined to be 9.22, and the Company has been included in the Corporate Governance Index since July 10, 2025. This report is available on the Company's corporate website.

While the Company aims to achieve full compliance with the non-mandatory Corporate Governance Principles set out in the relevant legislation, full compliance has not yet been achieved with certain voluntary principles listed below. At present, there are no conflicts of interest among stakeholders arising from the Corporate Governance Principles with which full compliance has not yet been achieved.

Regarding Principle 1.3.10, a separate item has been included on the agenda of the General Assembly to inform shareholders about donations and grants. The total amount of donations and grants is disclosed, and information regarding the amount of donations made to KSV, which accounts for approximately 90% of total donations, is also provided at the General Assembly.

Regarding Principle 1.5.2, the scope of minority rights has not been extended in the Articles of Association; the general provisions provided under the relevant legislation apply, and no amendment to the Articles of Association is planned in this regard.

Regarding Principles 3.3.5 and 3.3.8, the necessary communication mechanisms for employees have been established within the Company, and there is no trade union structure within the Company.

Regarding Principle 4.2.8, the Company continues its work on directors’ and officers’ liability insurance, and the proposals received are being evaluated.

Regarding Principle 4.4.7, there are no restrictions on Board Members holding external positions. No restrictions are planned to be introduced in this regard. Information on the external duties undertaken by Board Members is included in the Annual Report.

Regarding Principle 4.5.5, due to the number of the Board Member and the requirements of the committee structure, two independent Board Members serve on more than one committee. No changes are planned for the current number of independent Board Members.

Regarding Principle 4.6.1, no performance evaluation of the Board of Directors is carried out.

Regarding Principle 4.6.5, in line with market practice, the remuneration of Board Members and executives with managerial responsibility is disclosed on an aggregate basis in the Annual Report. Market practices concerning this matter, which is considered important for the confidentiality of personal information, are closely monitored, and the Company plans to act in parallel with common practice.

Going forward, the Company will continue its efforts to enhance its corporate governance practices, including the more effective functioning of mechanisms under these principles and further progress toward compliance with a limited number of voluntary principles that have not yet been fully implemented.

In accordance with the CMB Decision dated January 10, 2019 and numbered 2/49, the Company's 2025 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (CGIF), prepared in line with the new reporting formats, were also disclosed to the public on the Public Disclosure Platform (PDP) at www.kap.gov.tr within the period specified 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 not any notification made regarding such a transaction.
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				A separate agenda item was included in the general assembly agenda regarding the donations made. During the general assembly, it was stated that approximately 90% of the donations were made through Kaleseramik Education, Health and Social Welfare Foundation (KSV), and the remaining, unspecified balance was donated to various schools and hospitals.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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.						The Company does not have a cross-ownership relationship that brings with it the domination relationship.
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 are valid. There are no plans to change the Articles of Association 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					
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					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				The necessary communication mechanisms have been established within the company for employees. On the other hand, there is no union structure or dependency on unionization.
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					
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 bargaining agreement in the company. On the other hand, there is no prohibitive regulation on the mentioned 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					

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 company's study on executive professional liability insurance continues and is being evaluated.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 taking on other duties outside the company. It is not planned to impose any restrictions on this issue. The duties of board members outside the company are included in the annual reports.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
REPORT AND INFORMATION FORM

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the number of Board members and committee structuring requirements, four independent Board members 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 subject.
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 study has been carried out regarding the performance evaluation of the Board of Directors.
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 general practices, the salaries paid to board members and managers with administrative responsibilities are disclosed collectively in the annual report.

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	A meeting was held for analysts and institutional investors to evaluate 2025 and share their expectations for 2026.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No special auditor request was made.
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/en/Bildirim/1430573
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	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 transaction of this nature.
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 transaction of this nature.
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 transaction of this nature.
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/int-en/donation-policy
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/en/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
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The 2024 Ordinary General Assembly Meeting held on May 30, 2025 was attended by the members of the Board of Directors, our shareholders, the Responsible Auditor of the Independent Audit Company and the Company's employees.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	61.23%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
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1. SHAREHOLDERS	
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/int-en/dividend-policy
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.	The following proposal of the Board of Directors dated 28.04.2025 and numbered 2086 regarding the dividend distribution for the fiscal year 2024, which covers the accounting period dated 01.01.2024-31.12.2024, was read. <i>“Pursuant to the Communiqué on Principles of Financial Reporting in Capital Markets numbered II.14.1 of the Capital Markets Board (“CMB”) for the fiscal year 2024 of our Company, the consolidated report prepared in accordance with the formats determined by the POA and the CMB on the basis of the Turkish Financial Reporting Standards put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and audited by PwC Bağımsız Denetim ve Serbest Muhasebecilik Mali Müşavirlik AŞ While the net loss for the period of the parent company was TL 3,681,350,763.00 in the financial statements, the net loss for the period was TL 3,478,539,003.16 in the financial statements prepared within the framework of the relevant provisions of the Tax Procedure Law No. 213 (“TPL”). Within the framework of the information explained above, it has been decided to submit to the approval of the shareholders at the 2024 Ordinary General Assembly Meeting the issue regarding the non-distribution of dividends due to the absence of distributable profit for the period in the financial statements of our Company prepared in accordance with the principles of the Tax Procedure Law and CMB.”</i> The agenda item was opened for discussion. No one spoke. The proposal of the Board of Directors was put to the vote. It was unanimously decided to accept the proposal of the Board of Directors.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/1444164

General Meeting 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 Shareholders' Meeting	Percentage of shares directly present at the GSM	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 link to the related PDP general shareholder meeting notification
30.05.2025	0	78.72%	0.000006%	78.72%	https://www.kale.com.tr/int-en/general-assembly	https://www.kale.com.tr/int-en/general-assembly	-	0	https://www.kap.org.tr/en/Bildirim/1444164

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.kale.com.tr/int-en/investor-relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	https://www.kale.com.tr/tr-en/shareholder-structure
List of languages for which the website is available	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 of Directors Committees and Board of Directors Evaluation, Declarations of Independence of Independent Board Member Candidates
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board Committees and Board of Directors Evaluation
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board Committees and Board of Directors Evaluation
ç) 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
d) 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
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such situation.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
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2. DISCLOSURE AND TRANSPARENCY	
f) 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.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Human Resources, Corporate Social Responsibility Projects

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	0
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Notifications received through Kale Group Ethics Hotline Communication Channels are recorded in accordance with confidentiality principles and evaluated by the Kale Group Ethics Committee.
The contact detail of the company alert mechanism	https://www.kale.com.tr/tr-en/ethics-hotline etikhat@kale.com.tr +90 (212) 3715450
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	
Corporate bodies where employees are actually represented	In our company, our colleagues participate in the management through various methods and share their views. With the Employee Engagement Survey, the opinions of each colleague are taken anonymously in the form of questionnaires and open-ended responses.
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 determined for manager and above positions are submitted to the approval of the Company 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://kalegrubu.com.tr/en/life-at-kale
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.

3. STAKEHOLDERS	
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 to all Group companies and published on the Company's 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 name of the section on the corporate website that demonstrates the code of ethics	There is a Code of Ethics Regulation determined by Kale Holding to be applied to all Group companies and published on the Company's 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 such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.kale.com.tr/tr-en/sustainability
Any measures combating any kind of corruption including embezzlement and bribery	All necessary obligations in this regard are fulfilled. Within the scope of the audit activities of the holding group companies, preventive and deterrent audits are carried out, and internal control awareness and measures are strengthened.

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	There is none.
Whether the board evaluation was externally facilitated	No
Whether all board members released from 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 was no delegation of authority between 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 Chairperson	Hatice 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	-

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE
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4. BOARD OF DIRECTORS-I	
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is none.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.kale.com.tr/tr-en/diversity-and-inclusion-policy
The number and ratio of female directors within the Board of Directors	4 (44%)

COMPOSITION OF BOARD OF DIRECTORS							
Name, Surname of 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' Experience in Audit, Accounting and/ or Finance or Not
Hatice Zeynep Bodur OKYAY	Executive	Not Independent Director	10.03.2023	-	Not Applicable	-	-
Cengiz SOLAKOĞLU	Non-Executive	Independent Director	10.03.2023	https://www.kap.org.tr/en/Bildirim/1430573	Considered	No	Yes
Kadri Tarık ÖZÇELİK	Executive	Not Independent Director	10.03.2023	-	Not Applicable	-	-
Haluk ALPERAT	Executive	Not Independent Director	10.03.2023	-	Not Applicable	-	Yes
Osman OKYAY	Executive	Not Independent Director	10.03.2023	-	Not Applicable	-	-
Adile Esra TÖZGE	Non-Executive	Not Independent Director	10.03.2023	-	Not Applicable	-	-
Fahri Okan BÖKE	Non-Executive	Independent Director	10.03.2023	https://www.kap.org.tr/en/Bildirim/1430573	Considered	No	Yes
Arzu ERDEM	Non-Executive	Independent Director	10.06.2024	https://www.kap.org.tr/en/Bildirim/1430573	Considered	No	-
Şerife Ebru Doğruol AYGİL	Non-Executive	Independent Director	10.06.2024	https://www.kap.org.tr/en/Bildirim/1430573	Considered	No	-

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	6 Board of Directors meetings were held physically.
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	Information and documents related to the issues on the agenda of the Board of Directors meeting are submitted to the review of the members of the Board of Directors at least 48 hours before 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	There is none.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is 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 Board of Directors Evaluation
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/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	Board Member
Audit Committee	-	Fahri Okan BÖKE	No	Board Member
Audit Committee	-	Arzu ERDEM	No	Board Member
Corporate Governance Committee	-	Arzu ERDEM	Yes	Board Member
Corporate Governance Committee	-	Fahri Okan BÖKE	No	Board Member
Corporate Governance Committee	-	Adile Esra TÖZGE	No	Board Member
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	Board Member
Early Detection of Risk Committee	-	Cengiz SOLAKOĞLU	No	Board Member
Early Detection of Risk Committee	-	Şerife Ebru Doğruol AYGİL	No	Board Member
Early Detection of Risk Committee	-	Adile Esra TÖZGE	No	Board Member
Early Detection of Risk Committee	-	Abdullah ÇEREKÇİ	No	Not Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-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 Board of Directors Evaluation https://www.kale.com.tr/tr-en/committees
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 Board of Directors Evaluation https://www.kale.com.tr/tr-en/committees
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 early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board Committees and Board of Directors Evaluation https://www.kale.com.tr/tr-en/committees
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)	Board of Directors Report and Chairman's Message & General Manager's Message
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/int-en/remuneration-policy
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 Provided to Board Members and Senior Executives

Composition of Board Committees-II					
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-Executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	100%	40%	2	2
Early Detection of Risk Committee	-	80%	60%	6	6

STATEMENT OF COMPLIANCE WITH THE SUSTAINABILITY PRINCIPLES

With its fourth GRI-Compliant Sustainability Report and second TSRS-Compliant Sustainability Report (Turkish Sustainability Reporting Standards), to be published in 2026, Kaleseramik aims to provide a detailed overview of its sustainability progress and further strengthen its future actions.

Kaleseramik, continues its efforts by adopting and following best practices in sustainability, including those set out in the Capital Markets Board of Türkiye (CMB) Sustainability Principles Compliance Framework. The majority of the principles and best practices set out in the “Sustainability Principles Compliance Framework” issued by the Capital Markets Board of Türkiye (CMB) are currently implemented by Kaleseramik, and performance in this respect is regularly reviewed, assessed, and improvement actions are carried out.

In this context, compliance has been achieved with nearly all of the principles specified in the SPK’s non-mandatory “Sustainability Principles Compliance Framework” under the “comply or explain” approach. Practices regarding the principles within the SPK’s Sustainability Principles Compliance Framework are presented for stakeholder review by referencing the “Sustainability” section of the Kaleseramik Annual Report 2025, the Sustainability Report 2024, and Kaleseramik’s corporate web pages.

Based on the information provided, the explanations regarding the principles to be improved are as follows:

Regarding Principle B.19, and in line with our renewable energy objectives, feasibility studies for the investment in a solar power plant (SPP) have been completed, with the investment scheduled to commence in 2026.

Regarding Principles B.23 and B.24, internal carbon pricing efforts have not yet begun. There are no accumulated or purchased carbon credits.

The Sustainability Principles Compliance Report, prepared in accordance with the formats determined by the CMB decision dated June 23, 2022 and numbered 34/977 and approved by the Board of Directors, is included as an appendix to the Annual Report. The relevant documents are also available on the Company’s page on the Public Disclosure Platform (PDP).

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 work in the field of sustainability through the sustainability committee led by the Independent Board Member and based on the Kale Holding approach. In this context, it will publish its fourth sustainability report in 2026. Prioritized issues, Risks and Opportunities are included in the Sustainability Report 2025. The Sustainability Report 2025 and the TSRS Compliant Sustainability Report have been prepared and published separately.	Annual Report 2025, Sustainability Section Sustainability Report 2024 TSRS - Compliant Sustainability Report 2024
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 manages its management systems from an integrated perspective. Relevant policies can be accessed on the company website. https://cdn.kale.com.tr/pol_gen_eyes_kaleseramikpolitikasi.pdf	https://cdn.kale.com.tr/pol_gen_eyes_kaleseramikpolitikasi.pdf https://www.kale.com.tr/int-en/policies
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X				Targets on ESG issues have been determined and included in the Sustainability Report 2024. It will also be included in the Sustainability Report 2025.	Sustainability Report 2024 https://static.kale.com.tr/file/10/7/sustainability-report-2024/3438e3f8-df63-4d02-83a8-97382fec236a

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. 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				Within the framework of the Take Care of Your World movement, a governance mechanism has been established in order to ensure that the sustainability perspective is adopted by all Group companies and stakeholders and to progress in line with the goals. This governance mechanism consists of Kale Group Sustainability Committee, Sustainability Manager, Group Human Resources Director, Corporate Communications and Impact Investments Director, Thematic Working Groups, Kalekim Sustainability Committee, Kalekim Sustainability Leaders, Kalekim Sustainability Working Groups, Kale Seramik Foundation KSV, İbrahim Bodur Social Entrepreneurship İBSG, Kale Tasarım and Art Center, and Kale Volunteers Platform.	Annual Report 2025, Sustainability Section Sustainability Report 2024 https://static.kale.com.tr/file/10/7/sustainability-report-2024/3438e3f8-df63-4d02-83a8-97382fec236a
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				The work done within the scope of sustainability is regularly reported to the board of directors by the sustainability committee.	Annual Report 2025, Sustainability Section
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	x				Priority issues and action plans prepared within this scope will also be included in the Sustainability Report, which is planned to be published in 2026. It was also shared in the Annual Report 2025.	Annual Report 2025, Sustainability Section Sustainability Report 2024 https://static.kale.com.tr/file/10/7/sustainability-report-2024/3438e3f8-df63-4d02-83a8-97382fec236a

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
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 key performance indicators are monitored and reviewed annually. Detailed distribution by year will be shared in the sustainability report to be published in 2026. It is already stated in the 2025 report.	Sustainability Report 2024 https://static.kale.com.tr/file/10/7/sustainability-report-2024/3438e3f8-df63-4d02-83a8-97382fec236a
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	x				Innovation and R&D studies are described in the annual report in detail.	Annual Report 2025 Sustainability Report 2024 https://static.kale.com.tr/file/10/7/sustainability-report-2024/3438e3f8-df63-4d02-83a8-97382fec236a
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					Annual Report 2025 Sustainability 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				A sustainability strategic framework has been established within the scope of the Take Care of Your World movement. In this context, a direct relationship has been established with eight of the United Nations Sustainable Development Goals (SDGs 4, 8, 9, 10, 11, 12, 13, 17).	Annual Report 2025, Sustainability Section Sustainability 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	This type of legal process does not exist.	

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		
A4. Verification						
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	x				External verification will be obtained within the scope of the TSRS report for 2025, including S1 and S2 provisions. The 2024 report has been verified by Pwc. The 2025 report will be validated in the same way.	TSRS - Compliant Sustainability Report 2024
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				ISO 14001:2015 Certificate is available in all facilities.	Sustainability 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					Annual Report 2025, Sustainability Section Sustainability Report 2024
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				Kaleseramik's balanced corporate scorecard includes an ESG Ratings Score within the scope of climate-related sustainability goals. The ESG Rating score includes the sustainability indices in which the company is/will be included. In addition, environmental targets are included in the process performance indicators. The balanced corporate scorecard and performance indicators were tied to individual target cards and associated with the goals of the employees.	Annual Report 2025, HR Section, Sustainability Section Sustainability Report 2024

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X				Priority environmental issues are integrated into business goals and strategies.	Annual Report 2025, Sustainability Section Sustainability 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 focus are among the priority issues of sustainability.	Annual Report 2025, Sustainability Section Sustainability Report 2024
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 and Provincial Directorate audits, environmental composite audits, etc.) are carried out regularly at all locations to control system operations.	Annual Report 2025 Sustainability 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, which are prepared in 3 locations, are verified by related organizations. Data on environmental issues such as scope- 1 and scope- 2 emissions, energy, water and waste management are monitored. Scope- 3 emissions were also calculated in 2024.	Annual Report 2025, Sustainability Section Sustainability Report 2024 TSRS - Compliant Sustainability Report 2024

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		
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.	Annual Report 2025, Sustainability Section TSRS - Compliant Sustainability Report 2024
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	X					Annual Report 2025, Sustainability Section Sustainability Report 2024
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					Annual Report 2025, Sustainability Section Sustainability Report 2024
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X				Impacts of climate - related risks and opportunities; It was evaluated with short, medium and long - term analyzes based on IPCC RCP 4.5 and 8.5 scenarios. Within the scope of carbon prices, EU ETS carbon price estimates are used. Necessary updates will be made and details will be included in the 2025 TSRS report.	Annual Report 2025, Sustainability Section TSRS - Compliant Sustainability Report 2024 Sustainability 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					Annual Report 2025, Sustainability Section Sustainability Report 2024

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.	X				Projects are carried out to monitor and reduce Scope 3 emissions regarding the transportation of supplied inputs and products.	Annual Report 2025, Sustainability Section TSRS - Compliant Sustainability Report 2024 Sustainability Report 2024
B15. The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	X					Annual Report 2025, Sustainability Section Sustainability 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				Within the scope of sustainability studies, Scope 1 and Scope 2 greenhouse gas emissions are regularly calculated. Similarly, energy consumption data is calculated annually. It was shared in the TSRS report for 2024. Data for 2025 will also be shared in the TSRS report.	TSRS - Compliant Sustainability Report 2024
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	X				Within the scope of sustainability studies, the energy consumed is reported directly and indirectly on the basis of breakdown (natural gas, electricity, fuel oil, etc.).	Sustainability Report 2024
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X				Feasibility studies for the SPP (Solar Power Plant) investment to support the transition to renewable energy have been completed and are planned to be commissioned in 2026.	Annual Report 2025/ Sustainability Section
B19. The renewable energy production and usage data has been publicly disclosed.			X		Feasibility studies for the SPP (Solar Power Plant) investment to support the transition to renewable energy have been completed and are planned to be commissioned in 2026.	Annual Report 2025/ Sustainability 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		
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					Sustainability Report 2024
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				The Sustainability Report 2024 includes information on water consumption, amount recycled, discharge amount, and water resources.	Sustainability Report 2024
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 regulatory processes regarding the carbon pricing system have not yet been completed in our country, 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	Since the legal regulatory processes regarding the carbon pricing system have not yet been completed in our country, there is no carbon pricing system in which the Company is involved.	
B24. If carbon pricing is applied within the Company, the details have been disclosed.				X	Since the legal regulatory processes regarding the carbon pricing system have not yet been completed in our country, there is no carbon pricing system in which the Company is involved.	
B25. The platforms where the Company discloses its environmental information have been disclosed.	x					Annual Report 2025

	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 the Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been created for possible practices regarding violations of these principles, and these communication channels are announced on the Company website.	https://www.kale.com.tr/etik-kodlar-yonetmeligi
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 the Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been created for possible practices regarding violations of these principles, and these communication channels are announced on the Company website. Diversity and Inclusion Policy has been determined and shared on the website.	https://www.kale.com.tr/etik-kodlar-yonetmeligi https://cdn.kale.com.tr/file/10/7/diversity-and-nclusion-policy/795b7a04-fef8-438e-9e3a-0422abe991fe

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		
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://kale.com/etik-kodlar-yonetmeligi https://www.kale.com.tr/tr-en/ethics-hotline
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 scope of the Kale Group Code of Ethics regulation, employee rights are clearly defined, Ethics Line Communication channels have been created for possible practices regarding violations of these principles, and these communication channels are announced on the Company website.	https://kale.com/etik-kodlar-yonetmeligi https://www.kale.com.tr/tr-en/ethics-hotline
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 2025, HR Section Sustainability Report 2024
C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	x					Annual Report 2025, HR Section Sustainability Report 2024

	Compliance Status				Description	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	x					Annual Report 2025, HR Section Sustainability Report 2024
C1.6. The occupational health and safety policies have been established and disclosed.	x				ISO 45001 Occupational Health and Safety Management System is available. Integrated Management System Policy has been created within the scope of Integrated Management Systems implementation.	Annual Report 2025, Sustainability Section, Occupational Health and Safety https://catalog.kale.com.tr/en/kale
C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	x					Annual Report 2025, Sustainability Section, Occupational Health and Safety Sustainability Report 2024
C1.7. The personal data protection and data security policies have been established and disclosed.	x					https://www.kale.com.tr/tr-en/information-security
C1.8. The ethics policy have been established and disclosed.	x					https://kale.com/etik-kodlar-yonetmeligi
C1.9. The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	x					Annual Report 2025, Sustainability Section Sustainability Report 2024

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		
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	x					Annual Report 2025, Sustainability Section Sustainability Report 2024
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 available. Integrated Management System Policy has been created within the scope of Integrated Management Systems implementation.	https://catalog.kale.com.tr/en/kale
C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	x					Sustainability Report 2024
C2.3. The international reporting standards that adopted in reporting have been explained.	x					Sustainability Report 2024
C2.4. The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	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		
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				Kaleseramik scored 85 points in the evaluation made by LSEG in the fields of environmental, social and governance (ESG) and ranked 5 th globally in the BIST Sustainability Index. In Türkiye, it entered in the 1 st place.	Annual Report 2025/ Sustainability Section
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	x				It carried out a prioritization analysis in 2022, regarding environmental, social and corporate management, taking into account stakeholder expectations and global trends.	Sustainability Report 2024
D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	x					Annual Report 2025

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No amendments were made to the Company’s Articles of Association in 2025.

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 ANNUAL REPORT
RESOLUTION DATE: 11.03.2026
RESOLUTION NO: 2026/32

The annual report for 2025, the 2025 Corporate Governance Compliance Report, the Corporate Governance Information Form, and the Sustainability Principles Compliance Report prepared under the CMB’s Sustainability Principles Compliance Framework, all prepared in the format and content required by the CMB and applicable legislation pursuant to the Capital Markets Board’s Communiqué on Principles of Financial Reporting in Capital Markets, Series II-14.1 (the “Communiqué”), in line with the regulations of the Capital Markets Board;

- Have been examined by us,
- 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 of 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 San. A.S.

1. Opinion

We have audited the annual report of Kaleseramik Çanakkale Kalebodur Seramik San. A.S. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the period 1 January - 31 December 2025.

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 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 6 March 2026 on the full set consolidated financial statements for the period 1 January - 31 December 2025.

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:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the General Assembly;
- b) to prepare the annual report to reflect the Group 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.



c) to include the matters below in the annual report:

- events of particular importance that occurred in the Group 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

İstanbul, 11 March 2026

KALESERAMİK ÇANAKKALE
KALEBODUR SERAMİK SANAYİ A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY-31 DECEMBER 2025 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.Ş.

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.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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
Revenue recognition	
The Group achieved a revenue of TRY 14,062,800,430 for the financial period ending on December 31, 2025. As stated in Note 2.3 and Note 20 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.	The following procedures have been applied to the audit of revenue:
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.	- 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 20 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 2025 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 6 March 2026.

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


Orhan Öztürk, SMMM
Independent Auditor

Istanbul, 6 March 2026

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

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KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENT DATED
DECEMBER 31, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Footnote References	Audited Current period 31.12.2025	Audited Past period 31.12.2024
Assets			
Current Assets			
Cash and cash equivalents	5	564,856,660	1,908,685,233
Trade receivables		4,101,405,426	2,537,467,824
- Trade receivables from related parties	6	81,336,662	16,514,414
- Trade receivables from third parties	7	4,020,068,764	2,520,953,410
Other receivables		103,486,650	122,949,300
-Other receivables from third parties	8	103,486,650	122,949,300
Inventories	9	3,783,110,688	4,344,540,545
Prepaid expenses	10	255,193,107	334,550,790
Tax assets for the current period	27	72,408,385	85,125,048
Other current Assets	18	4,171,181	31,057,509
Non-current assets			
Financial investments	3	1,061,410	83,636,719
Investments Accounted for Using Equity Method	3	26,987,876	28,456,175
Investment properties	11	246,177,769	415,909,093
Property, plant and equipment	12	8,566,055,431	8,592,684,300
Intangible Assets		890,199,568	687,252,714
- Other Intangible Assets	13	890,199,568	687,252,714
Right-of-use assets	14	142,837,677	126,131,133
Prepaid expenses	10	201,281,703	80,816,412
Deferred Tax Asset	27	225,697,446	876,326,616
Other Non-Current Assets		460,000	602,105
Total assets			
		19,185,390,977	20,256,191,516

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Footnote reference	Audited Current period 31.12.2025	Audited Past period 31.12.2024
Liabilities			
Current Liabilities			
		10,333,157,671	8,946,400,095
Short-term borrowings	15	3,734,879,645	5,606,534,688
Current portion of long-term borrowings		713,340,709	377,884,705
- Short-term portions of long-term borrowings	15	671,588,434	338,364,520
- Borrowings from lease transactions	15	41,752,275	39,520,185
Trade payables		3,551,050,980	2,403,698,458
- Trade payables to related parties	6	489,416,580	207,634,384
- Trade payables to third parties	7	3,061,634,400	2,196,064,074
Payables Related to Employee Benefits	17	233,538,722	202,264,588
Other Payables		24,994,705	25,181,171
- Other payables to third parties	8	24,994,705	25,181,171
Deferred Income	10	1,915,062,422	248,373,065
Short-term provisions		142,872,834	54,959,152
- Short-term provisions for employee benefits	17	102,776,768	25,845,029
- Other short-term provisions	16	40,096,066	29,114,123
Other short-term liabilities	18	17,417,654	27,504,268
Non-Current Liabilities			
		2,905,198,856	1,768,273,603
Long-term borrowings		2,372,705,474	1,088,560,381
- Long-term borrowings	15	2,276,936,864	1,001,459,000
- Borrowings from lease transactions	15	95,768,610	87,101,381
Trade Payables		-	181,133,780
- Trade payables to third parties	7	-	181,133,780
Long-term provisions		532,493,382	498,579,442
- Long-term provisions for employee benefits	17	532,493,382	498,579,442
Equity			
		5,947,034,450	9,541,517,818
Parent Company’s Shares			
		5,984,102,541	9,451,174,892
Paid-in capital	19	514,778,661	514,778,661
Capital adjustment differences	19	11,003,620,560	11,003,620,560
Share capital	19	6,411,173,321	6,411,173,321
Items That Will Not Be Reclassified to Profit or Loss		(997,196,025)	(983,033,795)
- Remeasurement of defined benefit plans			
gains (losses)		(997,150,008)	(976,013,091)
- Investments in equity instruments			
gains (losses) arising from		-	(6,955,047)
- Share of other comprehensive income of investments accounted			
through equity method that will not be reclassified to profit or loss		(46,017)	(65,657)
Items That Are or May Be Reclassified to Profit Or Loss		(175,074,715)	(290,822,048)
-Foreign Currency Translation Differences		(175,074,715)	(290,822,048)
Restricted Profit Reserves	19	335,455,909	335,455,909
Previous Years Profit(Loss)		(7,546,952,763)	(2,721,391,989)
Net Profit/(Loss) for the Period		(3,561,702,407)	(4,818,605,727)
Non-controlling interests			
	19	(37,068,091)	90,342,926
Total Equity			
		19,185,390,977	20,256,191,516

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Footnote References	Audited Current period 31.12.2025 Audited	Audited Past period 31.12.2024 Audited
PROFIT OR LOSS			
Revenue	20	14,062,800,430	13,022,126,739
Cost Of Sales (-)	20	(12,445,152,011)	(13,003,484,543)
Gross Profit		1,617,648,419	18,642,196
General Administrative Expenses (-)	21	(865,676,309)	(963,659,930)
Marketing Expenses(-)	21	(1,896,277,935)	(2,051,173,627)
Research and Development Expense (-)	21	(266,213,725)	(213,422,973)
Other Operating Income	23	679,746,789	667,009,564
Other Operating Expense (-)	23	(839,484,711)	(819,993,527)
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT ACTIVITIES		(1,570,257,472)	(3,362,598,297)
Income from Investment Activities	24	124,180,659	24,457,530
Expenses for Investment Activities(-)	24	(87,012,501)	(89,079,408)
Share of Investments' Profit (losses) Accounted for Using The Equity Method	3	(1,487,939)	3,075,408
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9	7	(33,154,814)	(45,018,835)
OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME/EXPENSES		(1,567,732,067)	(3,469,163,602)
Financial Income	25	517,023,893	1,498,812,372
Financial Expenses (-)	25	(3,501,169,058)	(3,188,504,125)
Net monetary position gains	26	1,521,983,414	746,600,800
LOSS BEFORE TAX		(3,029,893,818)	(4,412,254,555)
Tax Expense:			
- Deferred Tax Expense	27	(656,942,794)	(481,335,961)
NET LOSS FOR THE PERIOD		(3,686,836,612)	(4,893,590,516)
Distribution of loss for the period			
-Non-controlling interests		(125,134,205)	(74,984,789)
-Parent Company Shares		(3,561,702,407)	(4,818,605,727)
Earning Per Share	28	(2,164)	(2,928)

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Footnote References	Audited Current period 31.12.2025	Audited Past period 31.12.2024
OTHER COMPREHENSIVE INCOME			
Items That Will Not be Reclassified Subsequently To Profit or Loss		(21,117,277)	(205,774,990)
- Remeasurement gain on defined benefit plans from investments valued using the equity method, net of tax		19,640	117,878
- Remeasurement losses on defined benefit plans, net of tax		(21,136,917)	(194,426,650)
- Gains (losses) from investments in equity-based financial instruments, net of tax		-	(11,466,218)
Items That May Be Reclassified Subsequently To Profit or Loss		113,470,521	(89,903,056)
- Currency Translation Adjustment		113,470,521	(89,903,056)
Other Comprehensive Expense		92,353,244	(295,678,046)
Total comprehensive income/(expense)		(3,594,483,368)	(5,189,268,562)
Total Comprehensive Income(Loss)			
- Non-controlling interests		(127,411,017)	(104,619,615)
- Parent company shares		(3,467,072,351)	(5,084,648,947)

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

CONSOLIDATED EQUITY CHANGE TABLE
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Comprehensive Income(Expense) That Will Not Be Reclassified Subsequently To Profit or Loss												Comprehensive Income(Expense) That Will Be Reclassified Subsequently To Profit or Loss																																									
	Revaluation and measurement gains/losses						Share of other comprehensive income of investments accounted through equity method that will not be reclassified 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					
	Share capital	Adjustment to share capital	Share premium	Remeasurement of gains(losses)	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	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, 2024																																																						
514,778,661	11,003,620,560	6,411,173,321	(781,586,441)	4,511,171	(183,535)	(230,553,818)	324,204,892	(3,116,627,356)	557,992,664	14,687,330,119	-	14,687,330,119																																										
Transfers																																																						
-	-	-	-	-	-	-	11,251,017	546,741,647	(557,992,664)	-	-	-																																										
Total Comprehensive Income(loss)																																																						
-	-	-	(194,426,650)	(11,466,218)	117,878	(60,268,230)	-	-	(4,818,605,727)	(5,084,648,947)	(104,619,615)	(5,189,268,562)																																										
Acquisition of a subsidiary (Note 19)																																																						
-	-	-	-	-	-	-	-	-	-	-	(7,433,316)	(7,433,316)																																										
Dividends (Note 19)																																																						
-	-	-	-	-	-	-	-	(151,506,280)	-	(151,506,280)	-	(151,506,280)																																										
Increase due to changes in ownership interest in subsidiaries that do not result in the loss of control (Note 19)																																																						
-	-	-	-	-	-	-	-	-	-	-	202,395,857	202,395,857																																										
Balances as of December 31, 2024																																																						
514,778,661	11,003,620,560	6,411,173,321	(976,013,091)	(6,955,047)	(65,657)	(290,822,048)	335,455,909	(2,721,391,989)	(4,818,605,727)	9,451,174,892	90,342,926	9,541,517,818																																										
Balances as of January 1, 2025																																																						
514,778,661	11,003,620,560	6,411,173,321	(976,013,091)	(6,955,047)	(65,657)	(290,822,048)	335,455,909	(2,721,391,989)	(4,818,605,727)	9,451,174,892	90,342,926	9,541,517,818																																										
Transfers																																																						
-	-	-	-	6,955,047	-	-	-	(4,825,560,774)	4,818,605,727	-	-	-																																										
Total Comprehensive Income(loss)																																																						
-	-	-	(21,136,917)	-	19,640	115,747,333	-	-	(3,561,702,407)	(3,467,072,351)	(127,411,017)	(3,594,483,369)																																										
Balances as of December 31, 2025																																																						
514,778,661	11,003,620,560	6,411,173,321	(997,150,008)	-	(46,017)	(175,074,715)	335,455,909	(7,546,952,763)	(3,561,702,407)	5,984,102,541	37,008,091	5,947,034,450																																										

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

	Footnote References	Audited Current Period January 1 – December 31 2025	Audited Past Period January 1 – December 31 2024
CASH FLOWS FROM OPERATING ACTIVITIES		1,194,200,403	(2,414,764,739)
Profit/(Loss) for the period		(3,686,836,612)	(4,893,590,516)
Adjustments to reconcile net profit/loss for the period		3,415,436,793	1,945,237,095
Adjustment related to depreciation and amortization expense	22	1,273,923,558	1,083,231,498
Adjustments related to impairment of receivables	7	32,701,047	45,018,835
Adjustment related to provision for inventory impairment	9	111,811,301	(39,601,994)
Adjustments related to provisions/cancellation for employee benefits.	17	166,409,145	87,802,550
Adjustment related to provision for litigations (net)	16	20,267,862	5,830,629
Other provisions	16	1,151,183	1,172,661
Adjustment related to interest income	25	(517,023,893)	(1,498,812,372)
Adjustment related to interest expense	25	2,323,017,953	2,373,398,509
Adjustment related to fair value decrease/(increase) of derivative financial instruments		-	(11,571,975)
Adjustments related to tax income/expenses	27	656,942,794	481,335,961
Adjustments related to fair value losses/gains on investment properties	24	(11,839,208)	11,503,339
Adjustments for retained Earnings of investments valued by equity method	3	1,487,939	(3,075,408)
Adjustments related to unrealized foreign exchange differences		909,749,219	249,118,101
Adjustment related to gain(loss) sale of property, plant and equipment	24	(85,355,858)	58,125,997
Adjustments (+/-) related to losses (gains) arising from sale or loss of real estate purchased for investment purposes	24	64,955,754	-
Monetary (gains)/losses		(1,532,762,003)	(898,239,236)
Changes in working capital		1,550,585,753	841,395,633
Change in trade receivables from related parties.	6	(64,822,248)	28,111,151
Change in trade receivables from third parties.	7	(1,493,503,183)	704,454,906
Change in other receivables related to activities from third parties.	8	19,462,650	126,053,113
Adjustments related to change in inventories.	9	449,618,556	870,752,718
Changes in prepaid expenses	10	(41,107,608)	(143,047,531)
Changes in other assets related to operations.	18	27,028,433	42,970,817
Changes in trade payables to related parties.	6	281,782,196	26,727,891
Changes in trade payables to third parties.	7	684,436,546	(445,277,155)
Changes in deferred income	10	1,666,689,357	(367,941,499)
Change in payables related to employee benefits	17	31,274,134	(27,563,506)
Adjustments related to change in other liabilities related to operations	8	(186,466)	19,985,121
Change in other liabilities related to operations	18	(10,086,614)	6,169,607
Cash flow from operations		1,279,185,934	(2,106,957,788)
Taxes paid/tax returns	27	(7,373,979)	(44,381,287)
Payments made within the scope of provisions for employee benefits	17	(77,611,552)	(263,425,664)
CASH FLOWS FROM INVESTING ACTIVITIES		(1,171,427,420)	(2,063,510,881)
Cash outflow related to sales of tangible and intangible assets	12.13.24	141,654,275	22,214,803
Cash outflow related to purchases of tangible and intangible assets	12, 13	(1,535,203,115)	(2,085,725,684)
Cash inflows from the sale of investment properties	11.24	210,265,000	-
Cash outflows from the purchase of investment properties	11	(70,718,889)	-
Other cash inflows (outflows)		82,575,309	-
CASH FLOWS FROM FINANCING ACTIVITIES		(877,871,575)	3,356,950,700
Cash inflows from borrowing	15	7,760,111,996	8,308,984,704
Interest received		560,742,328	1,465,501,319
Cash inflows from changes in ownership interests in subsidiaries that do not result in the loss of control	19	-	202,395,857
Dividends paid	19	-	(151,506,280)
Interests paid		(1,869,951,499)	(2,422,336,649)
Cash outflows related to debt repayments	15	(7,328,774,400)	(4,046,088,251)
Change in cash and cash equivalents before foreign exchange differences and monetary effects		(855,098,592)	(1,121,324,920)
Effect of foreign exchange differences on cash and cash equivalents		5,463,525	10,295,420
Monetary loss		(450,475,071)	(1,325,329,264)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,300,110,138)	(2,436,358,764)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1,858,509,976	4,294,868,740
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	558,399,838	1,858,509,976

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

1. ORGANISATION AND NATURE OF OPERATIONS

Çanak kale 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. Çanak kale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş. merged under the name of Kaleseramik Çanak kale 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, 2025 and 2024, the consolidated subsidiaries are as follows:

December 31 2025	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	100,000	100.00

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	100,000	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 titled "Al-Sadaf Porcelain and Ceramic Kasi Üretimi Ltd. Şti." with a net asset capital of 1,000,000,000Iraqi Dinars, established in Baghdad/Iraq, has been acquired by the Group for a consideration of TRY15,090,997. The Group has accounted for the Company with the full consolidation method within the scope of TFRS 10. Accordingly, the non-controlling interests of (TRY5,678,955) 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 Kasi Üretimi Ltd. Şti. to 12,465,554,122 Iraqi Dinars (TRY260,908,223). The company participated in the capital increase in proportion to its shares and made a cash payment of TRY153,487,022 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 TRY154,627,746 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 TRY28,889.

(***) 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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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 6, 2026. 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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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, 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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, 2023, 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, 2025, 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, 2024, as of December 31, 2025, 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 (“TSI”). As of December 31, 2025, 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 2025	3,513.87	1,00000	211%
December 31 2024	2,684.55	1,30892	291%
December 31 2023	1,859.38	1,88981	268%

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
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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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

2.2 New and amended standards and interpretations (Continued)

a) Standards, amendments, and interpretations applicable as of 31 December 2025:

- **Amendments to IAS 21 – Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- b. *Standards, amendments, and interpretations that are issued but not effective as of 31 December 2025:*
 - **TFRS 17, ‘Insurance Contracts’;** is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices. TFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features.
 - **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
 - **Annual improvements to IFRS – Volume 11;** effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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

2.2 New and amended standards and interpretations (Continued)

- **Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity;** effective from annual periods beginning on or after 1 January 2026 but can be early adopted subject to local endorsement where required. These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as ‘contracts referencing nature-dependent electricity’.
- **Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency;** effective from annual periods beginning on or after 1 January 2027. These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
 - its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
 - it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

- **Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements;** These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate. The Examples do not have an effective date, but entities might consider the application for December 2025 year-endsr.
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027.This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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

2.2 New and amended standards and interpretations (Continued)

For the year ending December 2025, disclosures should include:

- the nature of the changes,
- the fact that IFRS 18 application is required for annual periods beginning on or after 1 January 2027,
- the planned adoption date, and
- either:
 - known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 18 will have on the entity's financial statements in the period of initial application; or
 - if that impact is not known or reasonably estimable, a statement to that effect.

In order to comply with Paragraphs 30-31 of IAS 8, entities should consider the following principles when preparing disclosures related to the adoption of IFRS 18:

a. Disclosures are expected to become increasingly detailed as entities implementation process progresses toward 2027.

The level of detail that an entity includes in its disclosures will depend on the progress of its implementation activities, including those related to internal controls. For the year ending December 2025, entities that have yet to make significant progress in implementation might only disclose that they are actively assessing the impact of IFRS 18 and that more comprehensive disclosures cannot reasonably be provided

b. Where appropriate and reliable, consider including quantitative information.

It may be appropriate to disclose preliminary figures, when the company has an appropriate and reliable basis for making such disclosures and provides clear explanations regarding their provisional nature. For example, an entity might quantify the effects on profit and loss subtotals. If the quantitative impact is not reasonably estimable, a statement to that effect should be included. An entity may disclose known and reasonably quantifiable impacts, but it is not expected to early provide IFRS 18 disclosures, such as an MPM reconciliation, before the application date.

c. Consider alignment with other public communications.

If management has publicly detailed anticipated impacts, such as in an investor presentation, the IAS 8 financial statement disclosures should be consistent with these communications.

d. Disclosures should be based on the information available through the date of issuance of the financial statements,

Not only the end of the reporting period.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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

2.2 New and amended standards and interpretations (Continued)

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures’ and amendment;** effective from annual periods beginning on or after 1 January 2027.This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures’;** with these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable. These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:
 - IFRS 18 Presentation and Disclosure in Financial Statements;
 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
 - International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
 - Lack of Exchangeability (Amendments to IAS 21); and
 - Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

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.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) based on the purchasing power of the Turkish Lira as of December 31, 2025.)

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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.

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:

- (a) The initial measurement amount of the lease liability,
- (b) The amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement date of the lease,
- (c) 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.

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

2.3 Accounting Policies (Continued)

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:

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

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:

- (a) Increases the carrying amount to reflect interest on the lease liability, and
- (b) 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."

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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

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.

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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.

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.

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

2.3 Accounting Policies (Continued)

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

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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.

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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, 2025, and December 31, 2024, deferred tax assets have been recorded to the extent that the assumptions used indicate the likelihood of taxable profit in future periods (Note 27).

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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.

The re-discount expense amounting to TRY 110,991,804, which was classified under “other income from operating activities” in the statement of profit or loss for the accounting period between January 1 and December 31, 2024, has been reclassified and recognized under “finance expenses” in the statement of profit or loss in order to ensure consistency with the financial statements prepared as of December 31, 2025.

2.6 Going Concern

The Group has prepared its consolidated financial statements based on the going concern principle. As of December 31, 2025, the Group has an unused cash credit limit of TRY16,330,598,439, 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 2025	December 31 2024
Traded on a stock exchange	-	82,575,309
Not actively traded	1,061,410	1,061,410
Total	1,061,410	83,636,719

The details of financial assets traded on a stock exchange are as follows:

	December 31 2025	December 31 2024
Şişe Cam A.Ş.	-	29,532,452
Sumaş Suni Tahta ve Mobilya Sanayi A.Ş.	-	41,363,023
Akçansa Çimento Sanayi Ticaret A.Ş.	-	9,937,035
Bagfaş Bandırma Gübre Sanayi A.Ş.	-	1,742,799
Total	-	82,575,309

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3. SHARES IN OTHER ENTITIES (Continued)

The movements of financial investments during the period are as follows:

	2025	2024
January 1	83,636,719	98,527,911
Change in fair value Entries	-	(14,891,192)
Disposals	(82,575,309)	-
December 31	1,061,410	83,636,719

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

b) Investments measured using the equity method

The movements of investments accounted for using the equity method during the period are as follows

	2025	2024
January 1	28,456,175	25,262,889
Shares of profits/(losses) of investments measured using the equity method	(1,487,939)	3,075,408
Shares of other comprehensive income/(expenses) of Investments measured using the equity method	19,640	117,878
December 31	26,987,876	28,456,175

Summary information regarding the financial statements of the associates is as follows:

	December 31 2025		
	Total Assets	Total Liabilities	Effective shareholding voting rights%
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	252,864,118	181,942,533	38
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	522,066	333,698	20
Total	253,386,184	182,276,231	

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3. SHARES IN OTHER ENTITIES (Continued)

January 1-December 31 2025	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic.	507,716,716	(3,840,012)	51,684
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	-	(143,669)	-
Total	507,716,716	(3,983,681)	51,684
December 31 2024			
	Total assets	Total liabilities	Effective Shareholdings Voting Rights%
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	204,486,588	129,830,659	38
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	632,189	197,577	20
Total	205,118,777	130,028,236	
January 1-December 31 2024	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic.	529,819,737	8,151,677	310,203
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	-	(111,147)	-
Total	529,819,737	8,040,530	310,203

c) Subsidiaries

As of December 31, 2025, and December 31, 2024, the consolidated subsidiaries are as follows:

December 31 2025	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

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3. SHARES IN OTHER ENTITIES (Continued)

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

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.

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 2025			
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Türkiye	13,806,675,314	-	13,806,675,314
Iraq	256,125,116	-	256,125,116
Italy	-	-	-
Total	14,062,800,430	-	14,062,800,430
January 1 – December 31 2024			
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Türkiye	12,955,390,662	-	12,955,390,662
Iraq	66,736,077	-	66,736,077
Italy	-	-	-
Total	13,022,126,739	-	13,022,126,739

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4. SEGMENT REPORTING (Continued)

b) Other income and expense explanations

January 1 – December 31 2025	Turkey	Italy	Iraq	Total
Depreciation and amortization expense	(1,225,419,926)	-	(48,503,632)	(1,273,923,558)
Net Interest Income/(Expense)	(1,805,994,060)	-	-	(1,805,994,060)
Tax Income/(Expense)	(656,942,794)	-	-	(656,942,794)
Shares of profits/(losses) of investments accounted for using the equity method	(1,487,939)	-	-	(1,487,939)
January 1 – December 31 2024	Turkey	Italy	Iraq	Total
Depreciation and amortization expense	(1,056,881,267)	-	(26,350,231)	(1,083,231,498)
Net Interest Income/(Expense)	(874,586,137)	-	-	(874,586,137)
Tax Income/(Expense)	(481,335,961)	-	-	(481,335,961)
Shares of profits/(losses) of investments accounted for using the equity method	3,075,408	-	-	3,075,408

c) Assets

	December 31 2025		
	Total Assets	Investments accounted for using the equity method	Purchases of fixed assets
Turkey	19,345,530,654	26,987,876	1,406,462,569
Italy			
Iraq	3,830,040	-	-
Russia	601,271,866	-	128,740,546
	25,340,539	-	-
Total	19,975,973,099	26,987,876	1,535,203,115
Less: inter-segment adjustments	(790,582,122)	-	-
Total Assets	19,185,390,977	26,987,876	1,535,203,115
	December 31 2024		
	Total Assets	Investments accounted for using the equity method	Purchases of fixed assets
Turkey	20,239,315,364	28,456,175	1,631,017,813
Italy			
Iraq	2,570,977	-	-
Russia	764,702,913	-	454,707,871
	21,015,507	-	-
Total	21,027,604,761	28,456,175	2,085,725,684
Less: inter-segment adjustments	(771,413,245)	-	-
Total Assets	20,256,191,516	28,456,175	2,085,725,684

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4. SEGMENT REPORTING (Continued)

d) Liabilities

	December 31 2025	December 31 2024
Turkey	13,181,366,214	10,581,180,115
Italy		
Iraq	698,991,672	587,559,925
Russia	797,346	301,932,660
	21,584,738	20,616,225
Total	13,902,739,970	11,491,288,925
Less: inter-segment adjustments	(664,383,443)	(776,615,227)
Total Liabilities	13,238,356,527	10,714,673,698

5. CASH AND CASH EQUIVALENTS

	December 31 2025	December 31 2024
Cash	8,467,405	3,393,337
Banks	530,519,274	1,889,313,291
- Demand deposit	80,016,629	51,225,698
- Time deposit	450,502,645	1,838,087,593
Other (*)	25,869,981	15,978,605
Total	564,856,660	1,908,685,233
Interest Accrual	(6,456,822)	(50,175,257)
Cash and cash equivalents in the statement of cash flows	558,399,838	1,858,509,976

(*) As of December 31, 2025 and 2024, 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, 2023 are TRY4,294,868,740.

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5. CASH AND CASH EQUIVALENTS (Continued)

The Group has no blocked deposits as of December 31, 2025 and 2024

Maturity	Interest Rate (%)	Currency	Currency Balance	TRY Balance	Accrued interest in original currency	Interest Accrual (TRY)	December 31 2025
2 January 2026	39.50	TRY	3,250,000	3,250,000	3,517	3,517	3,253,517
2 January 2026	38.50	TRY	90,795,823	90,795,823	95,771	95,771	90,891,594
15 January 2026	39.00	TRY	350,000,000	350,000,000	6,357,534	6,357,534	356,357,534
				444,045,823		6,456,822	450,502,645
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	9,220,919	8	379	9,221,298
2 January 2025	1.00	EUR	20,000	961,873	1	26	961,899
2 January 2025	48.75	TRY	51,309,793	51,309,793	68,437	68,437	51,378,230
2 January 2025	49.00	TRY	403,419	403,419	539	539	403,958
2 January 2025	48.50	TRY	155,308,392	155,308,392	207,710	207,710	155,516,102
15 January 2025	50.50	TRY	1,570,707,940	1,570,707,940	49,898,166	49,898,166	1,620,606,106
				1,787,912,336		50,175,257	1,838,087,593

6. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	December 31 2025	December 31 2024
H. İbrahim Bodur Holding A.Ş.	45,764,682	-
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	34,416,660	16,197,359
Other	1,155,320	317,055
Total	81,336,662	16,514,414

b) Trade payables from related parties

	December 31 2025	December 31 2024
Kalenakliyat Seyahat ve Turizm Sanayi ve Ticaret A.Ş. (*)	281,318,218	124,406,240
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	107,631,584	31,940,678
Kale Holding A.Ş.	70,695,176	33,564,641
Kalekim Lyskor Kimya San.A.Ş.	9,888,048	665,384
Kaleseramik Özel Organize Sanayi Bölgesi	8,981,914	6,349,134
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	8,804,722	10,597,336
Seramik Araştırma Merkezi A.Ş.	30,576	110,971
Other	2,066,342	-
Total	489,416,580	207,634,384

(*) “It consists of transportation services.

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6. RELATED PARTY DISCLOSURES (Continued)

c) Sales of goods and services to related parties

	January 1 - December 31 2025	January 1 - December 31 2024
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.(*)	436,662,076	455,856,987
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	15,693,055	27,221,705
Kalenakliyat Seyahat ve Turizm A.Ş.	10,292,419	9,592,502
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	3,671,746	3,088,812
Kale Holding A.Ş.	3,428,551	2,212,048
Bodur Gayrimenkul Geliştirme A.Ş.	33,942	608,063
Other	2,726,817	3,510,164
Total	472,508,606	502,090,281

(*) It consists of the amount from the sale of frit.

d) Purchase of goods and services to related parties

	January 1 - December 31 2025	January 1 - December 31 2024
Kalenakliyat Seyahat ve Turizm A.Ş.(*)	1,135,163,232	1,041,119,688
Kale Holding A.Ş.(**)	353,160,635	400,791,846
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.(***)	300,473,884	805,853,258
Kale Seramik Özel Organize Sanayi Bölgesi	79,692,504	49,799,836
Kalebodur Gayrimenkul Tic. A.Ş.	21,493,172	20,157,998
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	19,271,911	26,433,291
Kalekim Lyskor Kimya San.A.Ş.	17,173,642	5,601,873
Bodur Gayrimenkul Geliştirme A.Ş.	948,302	2,275,047
Other	5,197,170	1,296,906
Total	1,932,574,452	2,353,329,743

(*) Provides transportation services.

(**) Information Technology support, management consultancy etc. are provided.

(***) Raw materials are purchased.

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6. RELATED PARTY DISCLOSURES (Continued)

e) Sale of investment properties

	January 1 - December 31 2025	January 1 - December 31 2024
H. İbrahim Bodur Holding A.Ş. (*)	315,041,445	-
Total	315,041,445	-

(*) The Group’s land located in the Çınar Pare area of Kepez Village, Çanakkale Center has been sold to H. İbrahim Bodur Holding Inc.

f) Short Term Liabilities

	January 1 - December 31 2025	January 1 - December 31 2024
H. İbrahim Bodur Holding A.Ş. (Not 15)	27,431,872	-
Total	27,431,872	-

g) 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 2025	January 1 - December 31 2024
Short-term benefits provided to employees	51,228,602	70,927,326
Long-term benefits provided to employees	2,183,905	6,287,629
Total	53,412,507	77,214,955

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7. TRADE RECEIVABLES AND BORROWINGS

a) Trade receivables from third parties

	December 31 2025	December 31 2024
Trade receivable	1,218,523,793	1,101,732,455
Notes receivable	2,547,917,199	1,041,127,743
Bank-guaranteed receivables	431,692,153	561,769,764
Provision for doubtful debts	(178,064,381)	(183,676,552)
Total	4,020,068,764	2,520,953,410

Expected credit loss as follows:

	2025	2024
January 1	183,676,552	207,554,146
Provision expense for doubtful debts	65,667,440	77,030,417
Reversals of provisions	(32,512,626)	(32,011,582)
Written-off receivables	(453,767)	-
Foreign exchange differences	8,467,892	908,102
Monetary gain loss	(46,781,110)	(69,804,531)

December 31	178,064,381	183,676,552
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December 31 2025	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	3,704,527,376	128,120,197	106,387,162	259,098,410	4,198,133,145
Expected credit loss	-	-	-	(178,064,381)	(178,064,381)
					4,020,068,764

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	2,186,191,396	216,419,329	38,249,615	263,769,622	2,704,629,962
Expected credit loss	-	-	-	(183,676,552)	(183,676,552)
					2,520,953,410

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7. TRADE RECEIVABLES AND BORROWINGS(Continued)

b) Trade payables to third parties

	December 31 2025	December 31 2024
Short-term trade payables		
Trade Payable	3,131,717,761	2,269,990,746
Expense accruals	26,730,902	4,707,583
Unincurred finance income	(96,814,263)	(78,634,255)
Total	3,061,634,400	2,196,064,074

	December 31 2025	December 31 2024
Long-term trade payables		
Trade payable	-	198,618,706
Unincurred finance expense	-	(17,484,926)
Total	-	181,133,780

8. OTHER RECEIVABLES AND PAYABLES

	December 31 2025	December 31 2024
Other short-term receivables from third parties:		
Receivables from the tax office	91,432,917	119,678,674
Other	12,053,733	3,270,626
Total	103,486,650	122,949,300

	December 31 2025	December 31 2024
Other short-term payables to third parties:		
Deposits and guarantees received	8,083,505	5,557,696
Other(*)	16,911,200	19,623,475
Total	24,994,705	25,181,171

(*) It consists of debts located in Iraq.

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9. INVENTORY

	December 31 2025	December 31 2024
Raw materials and supplies	559,909,452	552,769,903
Semi-finished goods	210,027,610	269,954,584
Finished goods	2,488,226,279	2,779,892,806
Trade goods	228,983,593	335,802,171
Goods in transit	573,827,249	572,173,275
Provision for inventory impairment	(277,863,495)	(166,052,194)
Total	3,783,110,688	4,344,540,545

The movements of the inventory impairment provision during the period are as follows:

	2025	2024
January 1	166,052,194	205,654,188
Inventory impairment provision expense/(reversed provision)	111,811,301	(39,601,994)
December 31	277,863,495	166,052,194

10. PREPAID EXPENSES AND DEFERRED REVENUES

a) Prepaid Expenses

	31 December 2025	31 December 2024
Short-term Prepaid Expenses:		
Advances Given (*)	214,879,317	285,716,237
Expenses for Future Months	40,313,790	48,834,553
Total	255,193,107	334,550,790

(*) The related amount consists of advances given for inventory purchases.

	31 December 2025	31 December 2024
Long-term Prepaid Expenses:		
Advances Given (*)	201,281,703	74,219,438
Expenses for Future Months	-	6,596,974
Total	201,281,703	80,816,412

(*) The related amount consists of advances given for inventory purchases.

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10. PREPAID EXPENSES AND DEFERRED REVENUES (Continued)

a) Deferred Revenue

	31 December 2025	31 December 2024
Advances received (*)	1,915,062,422	248,373,065
Total	1,915,062,422	248,373,065

(*) Advances received mainly consist of amounts received by the Group from its dealers.

11. INVESTMENT PROPERTIES

	2025	2024
January 1	415,909,093	463,152,233
Fair Value Change (Note 24)	11,839,208	(11,503,339)
Purchase	70,718,889	-
Sales (*)	(275,220,754)	-
Foreign exchange differences	22,931,333	(35,739,801)
December 31	246,177,769	415,909,093

(*) The sale of the Group’s three buildings located in Istanbul and one plot of land in Çanakkale has been completed. The decision to sell was made within the same year the transaction took place.

The Group has used the comparable sales method to determine the fair values of its 15 plots of land, which include 4 buildings in Istanbul, 9 in Russia, 3 in Tekirdağ, 1 in Istanbul, and 2 in Çanakkale. These measurements are classified as Level 2. There is no rental income or directly expensed cost from investment properties for the year ended December 31, 2025 (December 31, 2024: None).

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12. PROPERTY, PLANT AND EQUIPMENT

	January 1 2025	Additions	Disposals	Transfers	Foreign exchange differences	December 31 2025
Cost Value:						
Land and plots	523,382,643	-	-	-	-	523,382,643
Underground and above ground layouts	1,616,036,730	-	(40,629)	105,210,334	(5,839,055)	1,715,367,380
Buildings	4,413,771,852	3,500,000	-	181,404,295	(12,187,384)	4,586,488,763
Plant, machinery and equipment	18,958,741,897	2,460,258	(283,391,656)	1,725,918,465	(81,026,486)	20,322,702,478
Vehicles	46,172,618	1,203,421	(1,073,997)	3,411,285	(2,052,887)	47,660,440
Fixed assets	590,565,690	9,947,196	(1,926,387)	15,720,238	(6,022,795)	608,283,942
Special costs	259,229,661	-	(41,203,195)	-	-	218,026,466
Construction in progress	1,303,828,593	1,274,535,501	(47,461,944)	(2,184,291,965)	(46,386)	346,563,799
Total	27,711,729,684	1,291,646,376	(375,097,808)	(152,627,348)	(107,174,993)	28,368,475,911
Accumulated depreciation:						
Underground and above ground layouts	(1,131,136,762)	(51,500,124)	37,921	-	170,202	(1,182,428,763)
Buildings	(2,631,351,071)	(104,669,789)	-	-	197,012	(2,735,823,848)
Plant, machinery and equipment	(14,667,108,635)	(783,940,948)	283,035,998	-	5,042,003	(15,162,971,582)
Vehicles	(37,543,172)	(2,951,356)	1,073,997	-	239,522	(39,180,989)
Fixed assets	(467,242,157)	(41,632,526)	931,390	-	570,269	(507,373,024)
Special costs	(184,663,587)	(31,181,879)	41,203,192	-	-	(174,642,274)
Total	(19,119,045,384)	(1,015,876,602)	326,282,498	-	6,219,008	(19,802,420,480)
Net book value	8,592,684,300					8,566,055,431

As of December 31, 2025, there are no pledges, mortgages, or liens on tangible fixed assets (December 31, 2024: None).

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12. PROPERTY, PLANT AND EQUIPMENT(Continued)

	1 January 2024	Additions	Disposals	Transfers	31 December 2024
Cost:					
Land and plots	520,720,718	2,661,925	-	-	523,382,643
Underground and above ground layouts	1,726,782,101	-	(247,279,239)	136,533,868	1,616,036,730
Buildings	4,589,489,403	-	(260,114,000)	84,396,449	4,413,771,852
Plant, machinery and equipment	20,764,283,666	1,671,773	(2,897,285,456)	1,090,071,914	18,958,741,897
Vehicles	40,229,223	-	(2,754,790)	8,698,185	46,172,618
Fixed assets	630,941,618	11,297,819	(103,400,775)	51,727,028	590,565,690
Special costs	167,514,061	50,921	(51,685)	91,716,364	259,229,661
Construction in progress	984,345,069	1,863,200,983	-	(1,543,717,459)	1,303,828,593
Total	29,424,305,859	1,878,883,421	(3,510,885,945)	(80,573,651)	27,711,729,684
Accumulated depreciation:					
Underground and above ground layouts					
Buildings	(1,331,473,169)	(45,489,697)	245,826,104	-	(1,131,136,762)
Plant, machinery and equipment	(2,732,807,387)	(106,335,642)	207,791,958	-	(2,631,351,071)
Vehicles	(16,870,353,479)	(667,577,261)	2,870,822,105	-	(14,667,108,635)
Fixed assets	(37,989,217)	(2,308,755)	2,754,800	-	(37,543,172)
Special costs	(528,306,644)	(42,237,032)	103,301,519	-	(467,242,157)
	(164,427,757)	(20,287,516)	51,686	-	(184,663,587)
Total	(21,665,357,653)	(884,235,903)	3,430,548,172	-	(19,119,045,384)
Net book value	7,758,948,206				8,592,684,300
The details of period depreciation for tangible fixed assets are as follows:					
				31 December 2025	31 December 2024
Cost of sales				937,965,345	820,973,436
Marketing expenses				12,489,858	10,288,633
General and administrative expenses				49,291,275	40,225,209
Research and development expenses				16,130,124	12,748,625
Total				1,015,876,602	884,235,903

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13. INTANGIBLE ASSETS

	1 January 2025	Additions	Disposals	Transfers	31 December 2025
Cost:					
Computer software	256,439,944	-	(329,598)	152,627,348	408,737,694
Development costs	1,424,524,665	243,556,739	(7,483,107)	-	1,660,598,297
Total	1,680,964,609	243,556,739	(7,812,705)	152,627,348	2,069,335,991
Accumulated amortization:					
Computer software	(115,219,343)	(31,920,551)	329,598	-	(146,810,296)
Development costs	(878,492,552)	(153,833,575)	-	-	(1,032,326,127)
Total	(993,711,895)	(185,754,126)	329,598	-	(1,179,136,423)
Net book value	687,252,714				890,199,568

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13. INTANGIBLE ASSETS (Continued)

	1 January 2024	Additions	Disposals	Transfers	31 December 2024
Cost:					
Computer software	267,352,217	-	(34,873,143)	23,960,870	256,439,944
Development costs	1,187,745,240	206,842,263	(26,675,620)	56,612,782	1,424,524,665
Total	1,455,097,457	206,842,263	(61,548,763)	80,573,652	1,680,964,609
Accumulated amortization:					
Computer software	(131,001,786)	(19,087,672)	34,870,115	-	(115,219,343)
Development costs	(797,202,292)	(107,965,880)	26,675,620	-	(878,492,552)
Total	(928,204,078)	(127,053,552)	61,545,735	-	(993,711,895)
Net book value	526,893,379				687,252,714

The details of period amortization regarding intangible assets are as follows;

	31 December 2025	31 December 2024
Cost of sales	12,132,774	1,110,742
Marketing expenses	509,611	796,431
General and administrative expenses	13,325,342	8,869,743
Research and development expenses	159,786,399	116,276,636
Total	185,754,126	127,053,552

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14. RIGHT OF USE

	31 December 2025		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2025	386,834,215	276,822,617	663,656,832
Additions	25,694,535	63,304,839	88,999,374
31 December 2025	412,528,750	340,127,456	752,656,206
Accumulated depreciation:			
Opening balance as of January 1, 2025	(315,156,305)	(222,369,394)	(537,525,699)
Period expense	(23,053,784)	(49,239,046)	(72,292,830)
31 December 2025	(338,210,089)	(271,608,440)	(609,818,529)
Net book value	74,318,661	68,519,016	142,837,677

	31 December 2024		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2024	297,470,917	252,551,060	550,021,977
Additions	89,363,298	24,271,557	113,634,855
31 December 2024	386,834,215	276,822,617	663,656,832
Accumulated depreciation:			
Opening balance as of January 1, 2024	(293,997,243)	(171,586,413)	(465,583,656)
Period expense	(21,159,062)	(50,782,981)	(71,942,043)
31 December 2024	(315,156,305)	(222,369,394)	(537,525,699)
Net book value	71,677,910	54,453,223	126,131,133

The details of period depreciation for right-of-use assets are as follows;

	31 December 2025	31 December 2024
Cost of sales	10,815,470	8,686,825
Marketing expenses	41,152,433	37,190,531
General and administrative expenses	18,508,460	24,461,012
Research and development expenses	1,816,467	1,603,675
Total	72,292,830	71,942,043

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15. BORROWINGS

	31 December 2025		
	Interest Range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	22.32-51.50	1,686,469,292	1,686,469,292
US dollar bank loans	4.68-10.25	37,818,280	1,620,978,481
TRY bond issuances	47.07	400,000,000	400,000,000
Other Short-term Borrowings			
US dollar debts to partners	8.85	640,000	27,431,872
Total short-term borrowings			3,734,879,645
Short-term portions of total long-term borrowings			
TRY credits	34.00-43.00	147,500,000	147,500,000
US dollar bank loans	6.21-10.30	8,109,816	347,605,377
Euro bank loans	5.13-7.00	3,497,956	176,483,057
TRY liabilities from leasing	36.17	41,752,275	41,752,275
Short-term portions of total long-term borrowings			713,340,709
Long-term borrowings:			
TRY credits	34.00-43.00	640,833,333	640,833,333
US dollar bank loans	6.21-10.30	33,857,033	1,451,190,316
Euro bank loans	5.13-7.00	3,665,044	184,913,215
TRY liabilities from leasing	36.17	95,768,610	95,768,610
Total long-term borrowings			2,372,705,474
Total Borrowings			6,820,925,828

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15. BORROWINGS (Continued)

	31 December 2024		
	Interest Range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	26.93-55.00	2,843,321,384	2,843,321,384
US dollar bank loans	6.50-7.70	41,332,015	1,905,595,918
Bond Issuances	45.88	857,617,386	857,617,386
Total short-term borrowings			5,606,534,688
Short-term portions of total long-term borrowings:			
TRY credits	8.5-58.05	77,441,968	77,441,968
US dollar bank loans	7.13-11.27	3,898,664	179,746,312
Euro bank loans	6.72-6.74	1,687,879	81,176,240
TRY liabilities from leasing	35.12	39,520,185	39,520,185
Short-term portions of total long-term borrowings:			377,884,705
Long-term borrowings:			
TRY credits	8.5-58.05	19,513,368	19,513,368
Bond Issuances	51.95	523,569,313	523,569,313
US dollar bank loans	7.13-11.27	7,051,504	325,106,756
Euro bank loans	6.72-6.74	2,771,044	133,269,563
TRY liabilities from leasing	35.12	87,101,381	87,101,381
Total long-term borrowings			1,088,560,381
Total Borrowings			7,072,979,774

As of December 31, 2025 and 2024, the loan borrowings table is as follows:

	Credits	Lease Liabilities	Total
1 January 2025	6,946,358,208	126,621,566	7,072,979,774
Cash inflows during the period	7,760,111,996	-	7,760,111,996
Cash outflows during the period	(7,230,954,183)	(97,820,217)	(7,328,774,400)
Additions to lease liabilities	-	88,999,374	88,999,374
Exchange rate difference	715,249,678	-	715,249,678
Interest accrual	262,019,066	59,422,708	321,441,774
Monetary loss/gain	(1,769,379,822)	(39,702,546)	(1,809,082,368)
31 December 2025	6,683,404,943	137,520,885	6,820,925,828
Cash and cash equivalents	-	-	564,856,660
Net debt			6,256,069,168

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15. BORROWINGS (Continued)

	Credits	Lease Liabilities	Total
1 January 2024	4,436,433,727	63,112,854	4,499,546,581
Cash inflows during the period	8,308,984,704	-	8,308,984,704
Cash outflows during the period	(3,949,755,550)	(96,332,701)	(4,046,088,251)
Additions to lease liabilities	-	113,634,855	113,634,855
Exchange rate difference	320,101,987	-	320,101,987
Interest accrual	(229,458,004)	65,342,703	(164,115,301)
Monetary loss/gain	(1,939,948,656)	(19,136,145)	(1,959,084,801)
31 December 2024	6,946,358,208	126,621,566	7,072,979,774
Cash and cash equivalents			1,908,685,233
Net debt			5,164,294,541

The repayment schedule of long-term financial debts as of December 31, 2025, and 2024 is as follows:

	31 December 2025	31 December 2024
2026	-	809,074,600
2027	882,836,617	186,135,514
2028	562,535,940	65,492,284
2029	476,245,986	27,857,983
2030	451,086,931	-
Total	2,372,705,474	1,088,560,381

16. KARŞILIKLAR, KOŞULLU VARLIKLAR VE BORÇLAR

a) Other short-term provisions

	31 December 2025	31 December 2024
Provision for litigation	38,944,883	27,941,462
Cost expense provision	1,151,183	1,172,661
Total	40,096,066	29,114,123

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

a) Other short-term provisions (Continued)

Movements in litigation provisions during the period are as follows:

	2025	2024
1 January	27,941,462	33,760,252
(Unrelated)/provision expense (Note 23)	20,267,862	5,830,629
Monetary loss gain	(9,264,441)	(11,649,419)
31 December	38,944,883	27,941,462

The movements of cost expense provisions during the period are as follows:

	2025	2024
1 January	1,172,661	-
Provision expense	1,151,183	1,172,661
Monetary loss gain	(1,172,661)	-
31 December	1,151,183	1,172,661

b) Contingent assets and liabilities

The Group's received collateral/pledge/mortgage (“CPM”) position is as follows:

	Original currency	31 December 2025		31 December 2024	
		Original amount	TRY equivalent	Original currency	TRY equivalent
CPM received	TRY	4,074,659,823	4,074,659,823	3,830,784,321	3,830,784,321
Total		4,074,659,823		3,830,784,321	

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

b) Contingent assets and liabilities (Continued)

The Group's received collateral/pledge/mortgage (“CPM”) position is as follows:

	31 December 2025		
	Original Currency	Original Amount	TRY Equivalent
A. Total amount of CPM’s given on behalf of its own legal entity	TRY	2,399,975,874	2,399,975,874
	USD	90,694	3,887,358
	Euro	4,769,940	240,658,737
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			2,644,521,969
	31 December 2024		
	Original Currency	Original Amount	TRY Equivalent
A. Total amount of CPM’s given on behalf of its own legal entity	TRY	3,403,499,835	3,403,499,835
	USD	6,779,467	312,564,597
	Euro	7,506,940	361,036,049
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			4,077,100,481

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17. BENEFITS PROVIDED TO EMPLOYEES

a) Debts within the scope of employee benefits

	31 December 2025	31 December 2024
Social security deductions payable	112,988,515	112,930,366
Accumulated leave liability	111,942,880	84,911,428
Debts to personnel	8,607,327	4,422,794
Total	233,538,722	202,264,588

b) Short-term provisions for employee benefits

	31 December 2025	31 December 2024
Personnel bonus provision	102,776,768	25,845,029
Total	102,776,768	25,845,029

Movement of personnel bonus provisions is as follows:

	31 December 2025	31 December 2024
1 January	25,845,029	16,063,363
Provision expense	102,776,768	25,845,029
Payments made	(19,745,259)	(11,125,849)
Monetary loss gain	(6,099,770)	(4,937,514)
31 December	102,776,768	25,845,029

c) Long term provisions for employee benefits

	31 December 2025	31 December 2024
Provision for severance pay	532,493,382	498,579,442

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 TRY53,918.68 (December 31, 2024: 41,828.42) as of December 31, 2025.

The severance pay obligation is not subject to any legal funding.

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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 2025	31 December 2024
Discount rate	29.00%	27.50%
Turnover rate ratio for estimating retirement probability	95.40%	95.40%

The movements of the severance pay provision during the period are as follows:

	2025	2024
1 January	498,579,442	499,334,665
Service cost	63,632,377	61,957,521
Interest cost	131,624,680	115,177,161
Payments made	(57,866,293)	(252,299,815)
Remeasurement losses	27,450,542	252,502,143
Monetary loss gain	(130,927,366)	(178,092,233)
31 December	532,493,382	498,579,442

As of December 31, 2025 and 2024, a sensitivity analysis was performed on the following important assumptions in the calculation of the severance pay provision:

31 December 2025 Sensitivity Level	Interest Rate		Inflation rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Change	9%	(7)%	(8)%	9%
Net Effect on Severance Pay Obligation	45,390,765	(39,437,256)	(40,102,851)	45,830,826
31 December 2024 Sensitivity Level	Interest Rate		Inflation rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Change	(9)%	11%	11%	(10)%
Net Effect on Severance Pay Obligation	(46,498,193)	53,700,790	54,857,005	(48,077,632)

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18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2025	31 December 2024
Excess Value Added Tax (“VAT”)	-	28,194,904
Other	4,171,181	2,862,605
Total	4,171,181	31,057,509

b) Other short-term liabilities

	31 December 2025	31 December 2024
Taxes and funds payable	17,417,654	27,504,268
Total	17,417,654	27,504,268

19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid-in capital and capital adjustment differences

As of 31 December 2025, the Group's capital consists of 1,645,924,817 issued shares, each with a nominal value of TRY0,3127595 (31 December 2024: TRY0,3127595; 1,645,924,817 shares). The Group's shareholders and their shares in the capital are as follows with historical values:

	31 December 2025	Partnership Share (%)	31 December 2024	Partnership Share (%)
H. İbrahim Bodur Holding A.Ş.	315,235,130	61.24	315,205,881	61.23
Public Section	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	0.70	3,595,307	0.70
Dr.(H.c) İbrahim Bodur Kaleseramik				
Eğitim Sağlık ve Sosyal Yardım Vakfı	2,912,702	0.57	2,912,683	0.57
Süleyman Bodur	174,193	0.03	174,193	0.03
Other Partners	1,421,187	0.28	1,450,455	0.28
Total	514,778,661		514,778,661	
Capital adjustment differences	11,003,620,560		11,003,620,560	
Total paid-in capital	11,518,399,221		11,518,399,221	

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

a) Paid-in capital and capital adjustment differences (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 TRY497,957,727 to TRY1,000,000,000 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.

The Group shares, TRY25.00 share price, 21.25% free float rate and gross TRY2,734,761,625 (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.

b) Share issue premiums

With the public offering of new shares representing the nominal value capital of TRY109,390,465 issued due to the increase of the Company's issued capital of TRY405,388,196 within the registered capital ceiling of TRY1,000,000,000 to TRY514,778,661 by completely restricting the preemptive rights of the existing partners, a gross public offering income of TRY2,734,761,625 was obtained. After the public offering cost of TRY93,173,983, the net public offering income became TRY2,641,587,642 (Amount indexed according to CPI: TRY5,511,835,828).

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.

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 2025 (In accordance with TFRS)	Nominal Value	Inflation Correction Effect	Indexed Value
Capital	514,778,661	11,003,620,560	11,518,399,221
Share issue premium	2,639,497,177	3,771,676,144	6,411,173,321
Legal reserves	44,044,061	291,411,848	335,455,909

31 December 2025 (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	2,732,671,160	2,071,447,982	4,804,119,142
Legal reserves	44,044,061	278,540,486	322,584,547

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

d) 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 2025 subject to dividend distribution. (2024: As of 2024 the Group has made dividend payments of TRY100,000,000 and TRY151,506,280 respectively, in nominal and indexed amounts.)

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.

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

e) Non-controlling Interests (Continued)

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 TRY15,090,997. The Group accounted for the Company with the full consolidation method within the scope of TFRS 10. Accordingly, the non-controlling interests of TRY(7,433,316) 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 12,465,554,122Iraqi Dinars (TRY260,908,223). The company participated in the capital increase in proportion to its shares and made a cash payment of TRY202,395,857 equivalent to 5,618,121,520Iraqi Dinars. Accordingly, non-controlling interests also participated in the capital increase in proportion to their shares and the relevant amount of TRY202,395,857 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”.

20. REVENUE AND COST OF SALES

	1 January - 31 December 2025	1 January - 31 December 2024
Domestic sales	11,991,958,572	10,830,630,528
Export sales	2,888,617,671	2,906,032,441
Sales returns and sales discounts	(817,775,813)	(714,536,230)
Revenue, net (*)	14,062,800,430	13,022,126,739
(*) All sales consist of instant sales.		
Cost of sales		
Raw material and material expenses	3,494,279,274	3,398,085,080
General production expenses	3,007,282,549	3,057,968,113
Indirect labor expenses	785,868,744	967,234,112
Direct labor expenses	927,585,330	943,926,548
Depreciation expenses	676,869,582	640,509,318
Change in semi-finished goods stocks	59,926,973	66,931,487
Change in finished goods stocks	500,275,976	927,826,632
Cost of goods sold	9,452,088,428	10,002,481,290
Cost of merchandise sold	1,176,328,415	1,125,879,544
Other costs	1,816,735,168	1,875,123,709
Non-working part expense (*)	1,083,653,081	440,823,846
Semi/Intermediate Product Sales	416,935,311	1,181,512,368
Inventory impairment/(Non-issued provision)	111,811,301	(39,601,994)
Other	204,335,475	292,389,489
Cost of sales	12,445,152,011	13,003,484,543
Gross profit	1,617,648,419	18,642,196

(*) TRY284,044,007 consist of depreciation expenses. (2024: TRY190,261,685).

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21. OPERATING EXPENSES

a) Marketing Expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Employee benefits	725,146,043	707,003,897
Shipping expense	447,050,017	505,611,294
Advertising expense	301,123,276	381,823,824
Sales campaign expense	165,621,608	168,613,501
Depreciation and amortization expense	54,151,902	48,275,595
Travel expense	42,125,015	34,906,225
Communication expense	35,903,279	15,562,971
Energy expense	4,702,607	5,223,981
Other	120,454,188	184,152,339
Total	1,896,277,935	2,051,173,627

b) General Administrative Expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Management service expense (*)	413,217,043	461,065,893
Employee benefits	255,885,466	268,792,345
Depreciation and amortization expense	81,125,077	73,555,964
Consulting expense	30,264,175	63,631,582
Travel expense	11,963,886	11,045,354
Communication expense	10,704,236	19,365,027
Other	62,516,426	66,203,765
Total	865,676,309	963,659,930

(*) Consists of management expenses reflected to the Group by Kale Holding.

c) Research and development expenses

	1 January - 31 December 2025	1 January - 31 December 2024
Depreciation and amortization expense	177,732,990	130,628,936
Employee benefits	67,736,378	42,961,111
Project material expenses	9,201,831	13,060,618
Maintenance and repair expenses	2,724,048	2,607,233
Other	8,818,478	24,165,075
Total	266,213,725	213,422,973

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22. OPERATING EXPENSES BY NATURE

a) Depreciation expenses

	1 January – 31 December 2025	1 January – 31 December 2024
Cost of goods produced	960,913,589	830,771,003
Research and development expenses	177,732,990	130,628,936
Marketing expenses	54,151,902	48,275,595
General and administrative expenses	81,125,077	73,555,964
Total	1,273,923,558	1,083,231,498

b) Employee benefits

	1 January – 31 December 2025	1 January – 31 December 2024
Cost of goods produced	1,713,454,074	1,911,160,660
Marketing expenses	725,146,043	707,003,897
General and administrative expenses	255,885,466	268,792,345
Research and development expenses	67,736,378	42,961,111
Total	2,762,221,961	2,929,918,013

23. OTHER INCOME AND EXPENSES FROM MAIN ACTIVITIES

a) Other income from main activities

	1 January – 31 December 2025	1 January – 31 December 2024
Exchange difference income	455,655,670	359,951,852
Rediscount interest income	125,086,296	76,956,705
Non-group service revenues	32,501,089	27,637,808
Insurance damage compensation income	7,939,151	1,493,114
Derivative fair value difference	2,726,380	165,257,184
Other	55,838,203	35,712,901
Total	679,746,789	667,009,564

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23. OTHER INCOME AND EXPENSES FROM MAIN ACTIVITIES (Continued)

b) Other expenses from main activities

	1 January – 31 December 2025	1 January – 31 December 2024
Exchange rate difference expense	(412,219,302)	(297,061,324)
Rediscount interest expense	(362,344,161)	(407,424,570)
Lawsuit provision expense (Note 16)	(20,267,862)	(5,830,629)
Donation and aid expenses	(13,703,455)	(25,775,736)
Other	(30,949,931)	(83,901,268)
Total	(839,484,711)	(819,993,527)

24. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

a) Income from investment activities

	1 January – 31 December 2025	1 January – 31 December 2024
Property, plant and equipment sales profit	107,412,605	19,450,072
Rental income	4,040,366	3,414,805
Treasury bill sales profits	888,480	1,592,653
Investment properties value increase	11,839,208	-
Total	124,180,659	24,457,530

b) Expenses from investment activities

	1 January – 31 December 2025	1 January – 31 December 2024
Loss on sale of investment properties	64,955,754	-
Loss on sale of property, plant and equipment	22,056,747	77,576,069
Investment properties decrease in value	-	11,503,339
Total	87,012,501	89,079,408

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25. FINANCIAL INCOME AND EXPENSES

a) Financing income

	1 January – 31 December 2025	1 January – 31 December 2024
Interest income	517,023,893	1,498,812,372
Total	517,023,893	1,498,812,372

b) Financing expenses

	1 January – 31 December 2025	1 January – 31 December 2024
Interest expense	(2,323,017,953)	(2,373,398,509)
Bank commission expense	(462,901,427)	(495,003,629)
Exchange rate difference expense	(715,249,678)	(320,101,987)
Total	(3,501,169,058)	(3,188,504,125)

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26. EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

	1 January – 31 December 2025	1 January – 31 December 2024
Financial statement items	312,512,913	(697,476,676)
Inventories	411,447,303	760,338,634
Prepaid expenses	6,906,925	23,079,234
Tangible fixed assets and intangible fixed assets	506,652,397	643,912,741
Other financial assets	41,185,764	52,827,026
Deferred tax assets	531,999,269	824,214,979
Advances received	(7,941,749)	(877,480)
Paid-in capital	(159,027,114)	(325,194,791)
Share premiums	(868,724,623)	(1,486,425,124)
Other accumulated comprehensive income and expenses not to be reclassified to profit or loss	120,910,477	156,758,056
Restricted reserves set aside from profit	(13,606,236)	(21,270,786)
Retained earnings	(257,289,500)	(1,324,839,165)
Profit or loss statement items	1,209,470,501	1,444,077,476
Revenue	(1,408,649,585)	(1,869,600,066)
Cost of sales	2,040,980,409	2,815,705,317
Research and development expenses	9,423,806	(39,113,624)
Marketing expenses	194,812,960	255,530,119
General and administrative expenses	78,842,231	90,618,474
Other income/expenses from operating activities	5,808,403	14,584,905
Income/expenses from investing activities	(560,154)	(10,735,996)
Impairment gains/(losses) determined in accordance with TFRS 9	5,235,314	(5,499,526)
Financing income/expenses	283,577,117	192,587,873
Total	1,521,983,414	746,600,800

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27. 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 2025 and 2024 are as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Current period corporate tax income/(expense)	-	-
Deferred tax (expense)/income	(656,942,794)	(481,335,961)
Total tax (expense)/income	(656,942,794)	(481,335,961)

a) Corporate Tax

	31 December 2025	31 December 2024
Current period tax income/(expense)	-	-
Provisional tax and withholding to be deducted	72,408,385	85,125,048
Current tax related assets	72,408,385	85,125,048

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.

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27. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)
(Continued)

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.

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.

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, titled "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.

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27. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)
(Continued)

The reconciliation of expected and realized tax income/(expense) for the periods January 1 - December 31, 2025, and 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Profit before tax	(3,029,893,818)	(4,412,254,555)
Tax income/(expense) calculated based on applicable tax rates (23%, 23%)	696,875,578	1,014,818,548
Effect of expenses not recognized by law	(153,158,994)	(68,132,723)
Investment incentive discounts resulting in deferred taxes	-	278,625,214
The impact of the current period tax loss not recognized in the financial statements	(556,443,434)	(773,650,290)
Permanent differences on which no deferred tax is calculated	(130,936,256)	(668,140,763)
Monetary Gain/Loss	(525,609,273)	(278,687,864)
Other	12,329,585	13,831,917
Total tax income/(expense)	(656,942,794)	(481,335,961)

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 2025	31 December 2024
Severance pay	122,473,478	114,673,272
Incentive investments	701,009,974	917,568,277
Financial assets and derivative instruments reflected in other comprehensive income changes in fair value	-	1,599,661
Stocks	(62,255,864)	(13,751,227)
Provisions	106,548,672	55,765,863
Differences between registered values and tax bases of tangible, intangible assets and investment properties	(662,864,873)	(207,106,411)
Other, net	20,786,059	7,577,181
Deferred tax asset, net	225,697,446	876,326,616

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27. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)
(Continued)

Deferred tax liabilities and movements of their assets during the period:

	2025	2024
1 January	876,326,616	1,296,162,110
Associated with the income statement	(656,942,794)	(481,335,961)
Associated with other comprehensive income	6,313,624	61,500,467
31 December	225,697,446	876,326,616

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, 2025, the tax advantage of TRY701,009,974 (December 31, 2024: TRY917,568,277, nominal: TRY701,009,974) 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, 2025, there is no effect on the consolidated of profit or loss for the period from January 1 to December 31, 2025. (January 1-December 31 2024 TRY278,625,214).

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.

28. EARNING/LOSS PER SHARE

	1 January – 31 December 2025	1 January – 31 December 2024
Period profit of the parent company	(3,561,702,407)	(4,818,605,727)
Weighted average number of shares available during the period	1,645,924,817	1,645,924,817
Earnings per share	(2,164)	(2,928)

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

29.1 Financial Risk Factors

a) Market Risk

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, 2025, and 2024, the foreign exchange position expressed in Turkish Lira is as follows:

		31 December 2025			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	653,464,250	7,945,171	4,591,947	1,405,107
2a.	Monetary financial assets	29,855,012	128,944	477,103	4,443
2b.	Non - monetary financial assets	-	-	-	-
3.	Other	76,898,415	1,221,106	486,767	-
4.	Current assets (1+2+3)	760,217,677	9,295,221	5,555,817	1,409,550
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)	760,217,677	9,295,221	5,555,817	1,409,550
10.	Trade payables	797,039,478	4,714,813	11,096,924	606,691
11.	Financial liabilities	2,172,498,787	46,568,097	3,497,956	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	2,969,538,265	51,282,910	14,594,880	606,691
14.	Trade payables	-	-	-	-
15.	Financial liabilities	1,636,103,530	33,857,033	3,665,044	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long term liabilities (14+15+16)	1,636,103,530	33,857,033	3,665,044	-
18.	Total liabilities (13+17)	4,605,641,795	85,139,943	18,259,924	606,691
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)	(3,845,424,118)	(75,844,722)	(12,704,107)	802,859

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2024			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	596,941,004	7,842,217	3,618,125	1,059,667
2a.	Monetary financial assets	16,899,946	253,375	74,678	28,088
2b.	Non - monetary financial assets	-	-	-	-
3.	Other	579,030,071	1,605,959	1,010,758	7,784
4.	Current assets (1+2+3)	1,192,871,021	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)	1,192,871,021	9,701,551	4,703,561	1,095,539
10.	Trade payables	906,533,137	5,255,103	13,604,019	172,357
11.	Financial liabilities	2,166,518,470	45,230,679	1,687,879	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	3,073,051,607	50,485,782	15,291,898	172,357
14.	Trade payables	181,133,780	-	3,766,273	-
15.	Financial liabilities	458,376,318	7,051,504	2,771,044	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long term liabilities (14+15+16)	639,510,098	7,051,504	6,537,317	-
18.	Total liabilities (13+17)	3,712,561,705	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)	(2,519,690,684)	(47,835,735)	(17,125,654)	923,182

The exchange rate sensitivity analysis table as of December 31, 2025 and 2024 is as follows:

		31 December 2025			
		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	(325,087,923)	325,087,923	-	-
2.	The portion hedged against USD risk (-)	-	-	-	-
3.	USD net effect (1+2)	(325,087,923)	325,087,923	-	-
If the Euro changes by 10% against the Turkish Lira:					
4.	Euro net assets/liabilities	(64,096,286)	64,096,285	-	-
5.	The portion hedged against Euro risk (-)	-	-	-	-
6.	Euro net effect (4+5)	(64,096,286)	64,096,285	-	-
In the event of a 10% change in other exchange rates against the Turkish Lira:					
7.	Net foreign currency assets/liabilities	4,641,798	(4,641,798)	-	-
8.	The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9.	Net effect of other exchange rates (7+8)	4,641,798	(4,641,798)	-	-
Total (3+6+9)		(384,542,411)	384,542,410	-	-

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2024			
	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	(174,952,115)	174,952,115	-	-
2. The portion hedged against USD risk (-)	-	-	-	-
3. USD net effect (1+2)	(174,952,115)	174,952,115	-	-
If the Euro changes by 10% against the Turkish Lira:				
4. Euro net assets/liabilities	(82,363,499)	82,363,499	-	-
5. The portion hedged against Euro risk (-)	-	-	-	-
6. Euro net effect (4+5)	(82,363,499)	82,363,499	-	-
In the event of a 10% change in other exchange rates against the Turkish Lira:				
7. Net foreign currency assets/liabilities	5,346,548	(5,346,548)	-	-
8. The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9. Net effect of other exchange rates (7+8)	5,346,548	(5,346,548)	-	-
Total (3+6+9)	(251,969,066)	251,969,066	-	-

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 partly 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 2025		
	Fixed interest	Variable interest rate	Total
Financial assets:			
Cash and cash equivalents	450,502,645	-	450,502,645
Financial liabilities:			
Borrowings	(4,155,071,718)	(2,665,854,110)	(6,820,925,828)

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2024		
	Fixed interest	Variable interest rate	Total
Financial assets:			
Cash and cash equivalents	1,838,087,593	-	1,838,087,593
Financial liabilities:			
Borrowings	(3,997,224,733)	(3,075,755,041)	(7,072,979,774)

The TRY1,409,468,287 portion (December 31, 2024:TRY1,535,786,058) of borrowings with variable borrowing rates is in US Dollars, and the TRY109,130,281 portion (December 31, 2024: TRY208,053,081) is in Euros.

If interest rates increase by 1 point as of December 31, 2025 and 2024, 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 2025	31 December 2024
Variable interest financial instruments		
Borrowings	(27,028,799)	(31,184,739)

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.

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29. 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 2025	Related Party	Other	Related Party	Other
The portion of the maximum risk secured by collateral, etc. (A+B+C+D) (*)	81,336,662	4,020,068,764	-	103,486,650
				530,519,274
				1,061,410
- The portion of the maximum risk secured by collateral, etc.	-	1,926,634,553	-	-
A. Net book value for the financial assets that are neither overdue nor impaired				
- Secured part via collateral, etc	34,416,660	2,697,044,446	-	103,486,650
	-	1,453,862,507	-	-
B. Net book value of financial assets that are overdue but not impaired				
- Secured part via collateral, etc	46,920,002	1,323,024,318	-	-
	-	472,772,046	-	-
C. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired				
- Overdue (gross carrying amount)	-	-	-	-
- Impairment (-)	-	178,064,381	-	-
- Secured part via collateral, etc	-	(178,064,381)	-	-
- 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.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2024	Trade Receivables		Other Receivables		Bank Deposits		Financial Investments	
	Related Party	Other	Related Party	Other				
The portion of the maximum risk secured by collateral, etc. (A+B+C+D) (*)	16,514,414	2,520,953,410	-	122,949,300	1,889,313,291		83,636,719	
- The portion of the maximum risk secured by collateral, etc.	-	2,462,522,813	-	-	-		-	-
A. Net book value for the financial assets that are neither overdue nor impaired	16,229,087	2,095,264,420	-	122,949,300	1,889,313,291		83,636,719	
- Secured part via collateral, etc	-	1,914,259,132	-	-	-		-	-
B. Net book value of financial assets that are overdue but not impaired	285,327	425,688,990	-	-	-		-	-
- Secured part via collateral, etc	-	548,263,681	-	-	-		-	-
C. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-		-	-
- Overdue (gross carrying amount)	-	183,676,552	-	-	-		-	-
- Impairment (-)	-	(183,676,552)	-	-	-		-	-
- 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.

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29. 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:

31 December 2025					
Non-derivative financial liabilities	Net Book Value	Contractual total cash outflow (=I+II+III)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)
Borrowings	6,683,404,943	8,381,493,274	1,231,586,727	4,001,380,466	3,148,526,081
Obligations from leasing	137,520,885	138,603,908	16,916,006	50,748,019	70,939,883
Trade payables	3,551,050,980	3,647,865,243	2,283,676,848	1,364,188,395	-
Other Debts	24,994,705	24,885,098	24,885,098	-	-
Total	10,396,971,513	12,192,847,523	3,557,064,679	5,416,316,880	3,219,465,964

31 December 2024					
Non-derivative financial liabilities	Net Book Value	Contractual total cash outflow (=I+II+III)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)
Borrowings	6,946,358,208	7,194,375,226	1,489,307,280	4,616,507,567	1,088,560,379
Obligations from leasing	126,621,566	250,691,894	21,139,403	63,418,210	166,134,281
Trade payables	2,584,832,238	2,680,951,419	2,110,437,682	371,895,031	198,618,706
Other Debts	25,181,171	25,181,171	25,181,171	-	-
Total	9,682,993,183	10,151,199,710	3,646,065,536	5,051,820,808	1,453,313,366

29.2 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.

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29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The net liability/total capital ratio as of December 31, 2025, and 2024 is as follows:

	31 December 2025	31 December 2024
Total financial borrowings	6,820,925,828	7,072,979,774
Less: Cash and cash equivalents	(564,856,660)	(1,908,685,233)
Net debt	6,256,069,168	5,164,294,541
Total shareholders’ equity	5,947,034,450	9,541,517,818
Equity	12,203,103,618	14,705,812,359
Net debt/Equity ratio	51.27%	35.12%

30. 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 2025	Level 1	Level 2	Level 3	Total
Gains on financial assets at fair value through other comprehensive income	-	-	1,061,410	1,061,410
Investment properties	-	246,177,769	-	246,177,769
Borrowings	-	(6,655,973,071)	-	(6,655,973,071)
Total	-	(6,409,795,302)	1,061,410	(6,408,733,892)

31 December 2024	Level 1	Level 2	Level 3	Total
Gains on financial assets at fair value through other comprehensive income	82,575,309	-	1,061,410	83,636,719
Investment properties	-	415,909,093	-	415,909,093
Borrowings	-	(5,428,993,266)	-	(5,428,993,266)
Total	82,575,309	(5,013,084,173)	1,061,410	(4,929,447,454)

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31. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES
WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

	31 December 2025	31 December 2024
Independent audit fee	7,911,489	6,347,245
Total	7,911,489	6,347,245

32. SUBSEQUENT EVENTS

The Group has resolved, within the framework of its articles of association, to establish a ground-mounted Solar Power Plant (SPP) with an installed capacity of 5 MWe on a total area of 60,628 m² in Yerköy. This decision has been taken in order to increase the use of renewable energy sources, reduce Scope 2 greenhouse gas emissions and energy costs, and achieve sustainability targets, taking into account the increasing natural gas and electricity costs. The investment will be carried out under Article 5/1-h of the Unlicensed Electricity Generation Regulation, within a financing-included model without the use of equity.

Within the scope of the said investment, alternative proposals received have been evaluated both technically and commercially. As a result of these evaluations, it has been resolved to execute a contract with Bortek Mühendislik Elektrik Sanayi ve Ticaret A.Ş. amounting to USD 3.75 million, covering the installation of the SPP, its transfer to the Group, and its subsequent operation.

In line with the Group’s sustainability performance, Kaleseramik shares have been included in the Borsa Istanbul Sustainability Index as of January 1, 2026.

Pursuant to the Board of Directors’ Resolution dated January 28, 2026 and numbered 2026-15, the Group has utilized a loan amounting to TRY 300,000,000 from the Export Credit Bank of Türkiye (Türk Eximbank), with a maturity of 360 days and an interest rate of 20.32%.

CONTACT

Accounting Period for the Report:	01.01.2025 - 31.12.2025
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 **Kale Seramik**