



2022 Q4 Operational Results

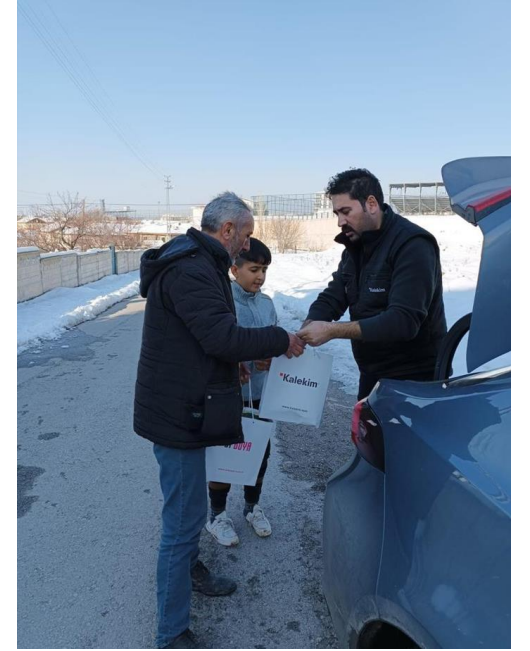
Kahramanmaraş epicentered earthquakes caused serious destruction in 10 provinces, and deeply saddened all of us as a country.

**As Kale Group and Kalekim,
we wish God's mercy on all our citizens who lost their lives,
our condolences to their families and relatives,
and a speedy recovery to all the injured.**



We will get better by working without losing hope !

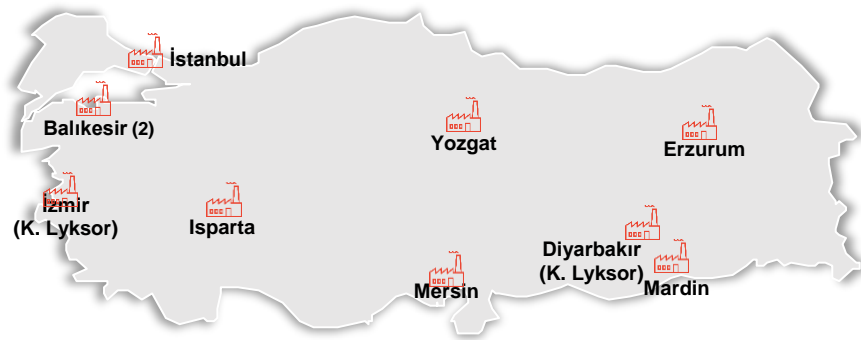
- As Kale Group, we coordinate our support in our community through Kaleseramik Education, Health and Social Assistance Foundation, hand in hand with our colleagues, domestic and foreign dealers and suppliers.
- In all our efforts, we proceed in coordination with relevant public institutions and organizations, especially AFAD, and non-governmental organizations such as AHBAP and Needs Map.
- In addition to in-kind and cash assistance provided to earthquake victims, we have reached a total of 253 containers, of which 170 are hygiene containers (including hygiene containers for the needs of disabled people), 79 are living and 4 are nurseries.
- To provide workforce support to the earthquake area, our employees, who volunteer within Kale Group, work in Kahramanmaraş, Hatay, Antakya, Elbistan, Osmaniye, Malatya locations.
 - Approximately 400 Kale volunteers (160 volunteers working in the Field and Disaster Area, 32 people with AFAD Search and Rescue Certificate)





Earthquake and Production Safety

- After the earthquakes that took place in K. Maraş, production continues in all our facilities after a 2-day shutdown at Mardin and Mersin facilities.
 - Kalekim designs its factory and administrative building construction projects in accordance with current earthquake and other regulations, and implements these projects in the field according to the relevant technical specifications.
- In addition to the advantage in terms of logistics costs, the multi-location production model is an important element that supports our company's sustainable production model.
- CCR, which is generally not high due to the high installed capacity in the sector, provides opportunity to respond to possible demand increases.



	Production Facility	Production (tonnes)	Capacity* (tonnes)	Capacity Utiliz.Rate
↑ Dry Mortar ↓	Istanbul	91.140	204.750	%45
	Balıkesir	74.860	128.700	%58
	Isparta	72.426	105.300	%69
	Yozgat	41.265	128.700	%32
	Erzurum	36.021	89.700	%40
	Mersin	98.625	156.000	%63
	Mardin	77.765	226.200	%34
	Balıkesir (Paint)	13.914	50.000	%28
	K. Lyksor (Total)	63.092	155.000	%41

* Based on 2 shifts.



2022 Q4 Highlights

- *Despite volume decrease in domestic market, 174% increase was achieved in sales thanks to K. Lyksor consolidation, organic growth in exports, FX increase and pricing (112% excluding Kalekim Lyksor)*
- Gross margin of 36.5% due to volume decrease in domestic market and consolidation of K. Lyksor with a relatively low GM, offset partly by increasing share of high-margin products in product mix and decrease in raw material prices (38% excluding Kalekim Lyksor)
- 21.8% EBITDA margin thanks to effective expense management and low operating expenses of K. Lyksor (20,4% excluding Kalekim Lyksor)
- Working capital/net sales ratio decreased to 15% as a result of improvement in K. Lyksor's working capital management (6,5% excluding Kalekim Lyksor)

Net Sales: TL 724,5 milion

Gross Profit Margin: 36,5%

EBITDA Margin: 21,8%

**Working Capital / Net Sales:
%15,0**

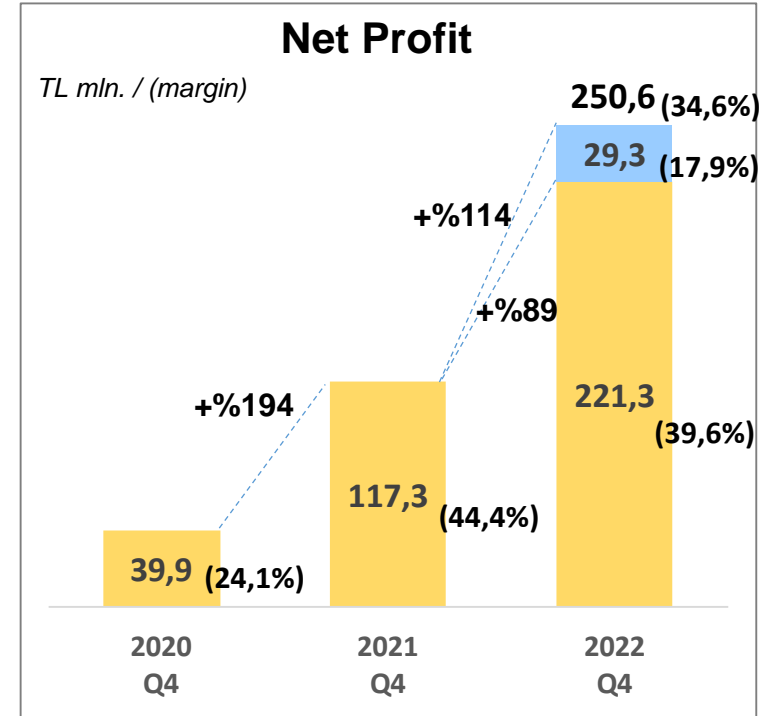
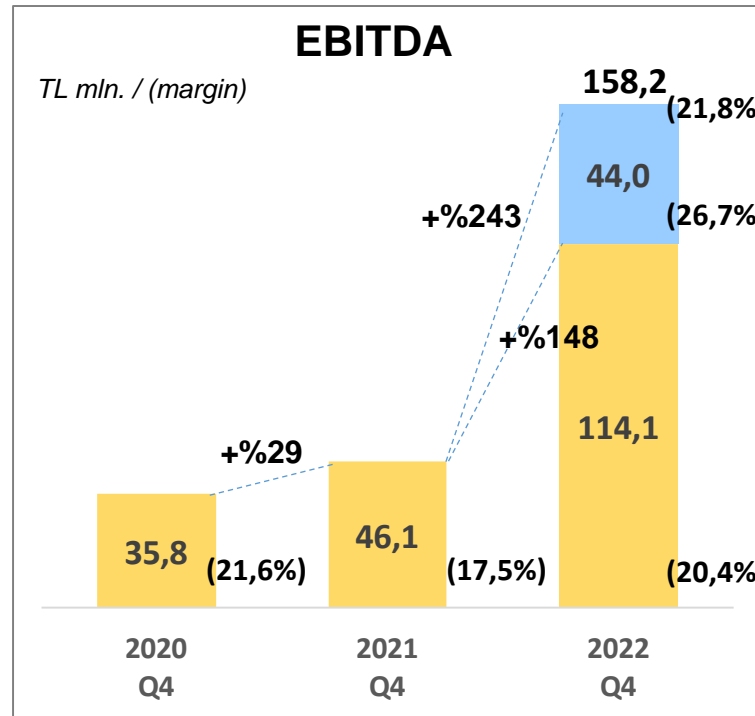
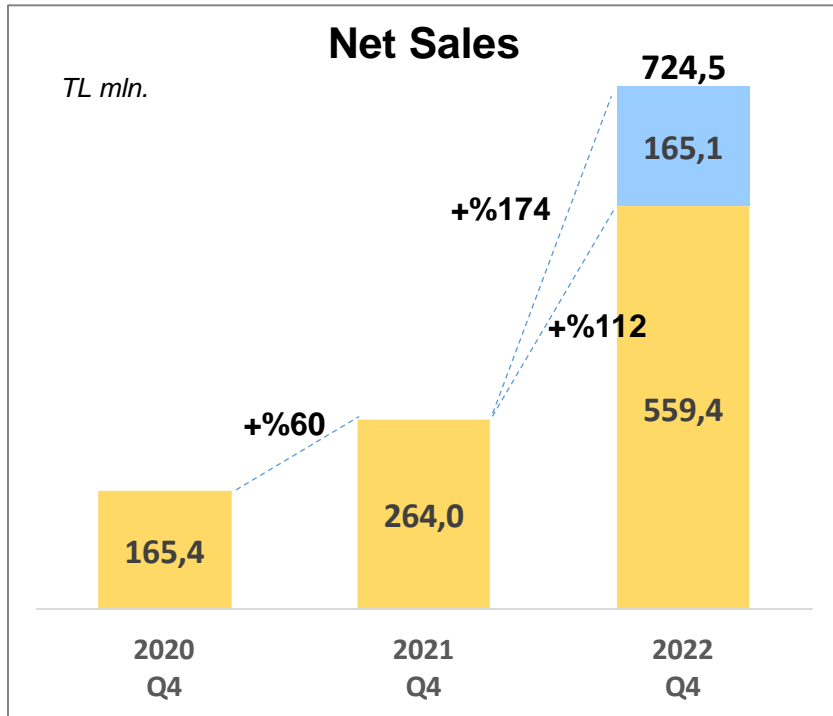
**Cash & Cash equivalents*:
TL 547,7 milion**

* Including FX-protected deposits reported under financial investments



Sustainable Profitable Growth

- In line with its long-term goals, Kalekim maintains its profitable growth both in new product groups in the construction industry and in export markets.

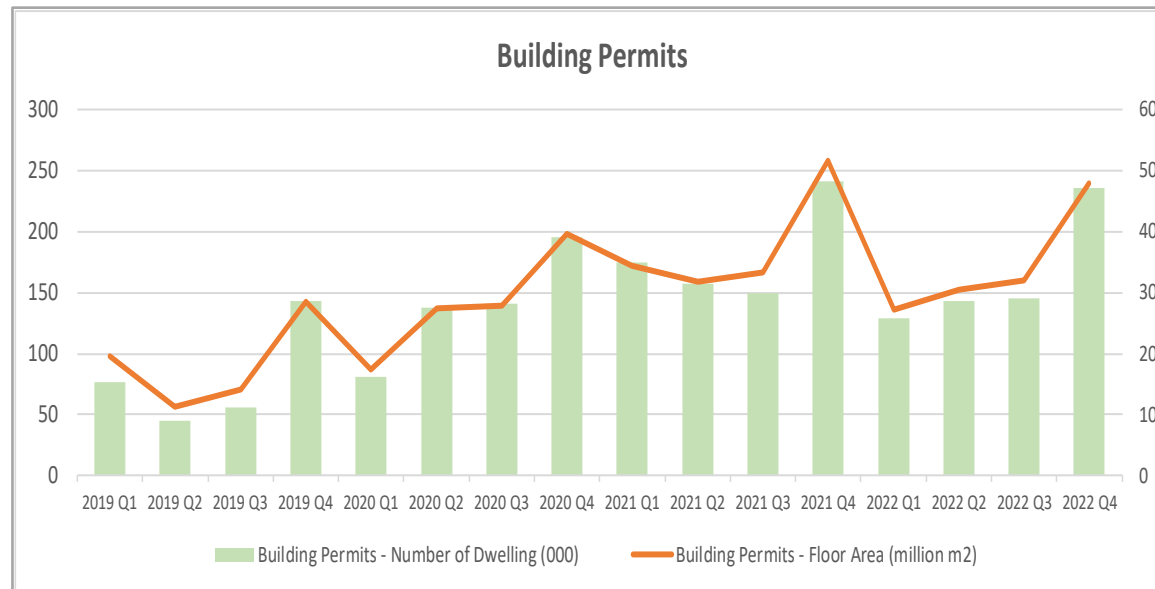
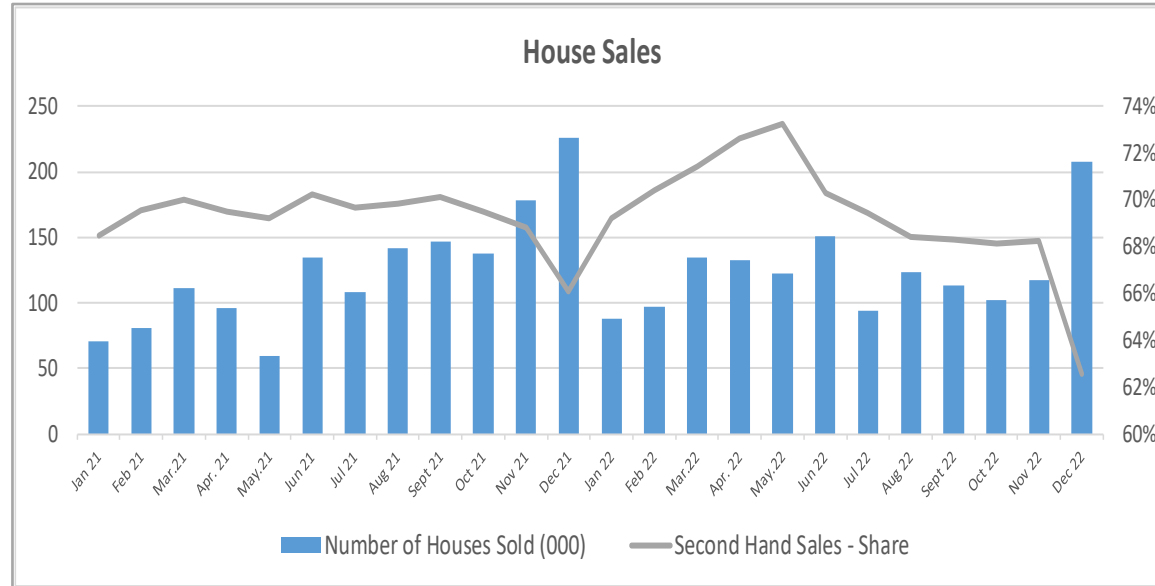


Impact of Kalekim Lyksor

- In the consolidated statement of profit or loss, Kalekim Lyksor's share in net sales after the acquisition date was TL 439.028.154, and its contribution to the net profit was TL 76.736.386.
- If Kalekim Lyksor had been consolidated as of January 1, 2022, the impact on net sales and net profit for the period would have been TL 530.659.819 and TL 96.423.531, respectively, in the Group's consolidated profit or loss statement.



Turkish Market: Construction Industry



- Due to 21% decrease in the fourth quarter, there was a 0,4% contraction in housing sales in the whole year.
- Second-hand housing sales accounted for 65% of the sales.

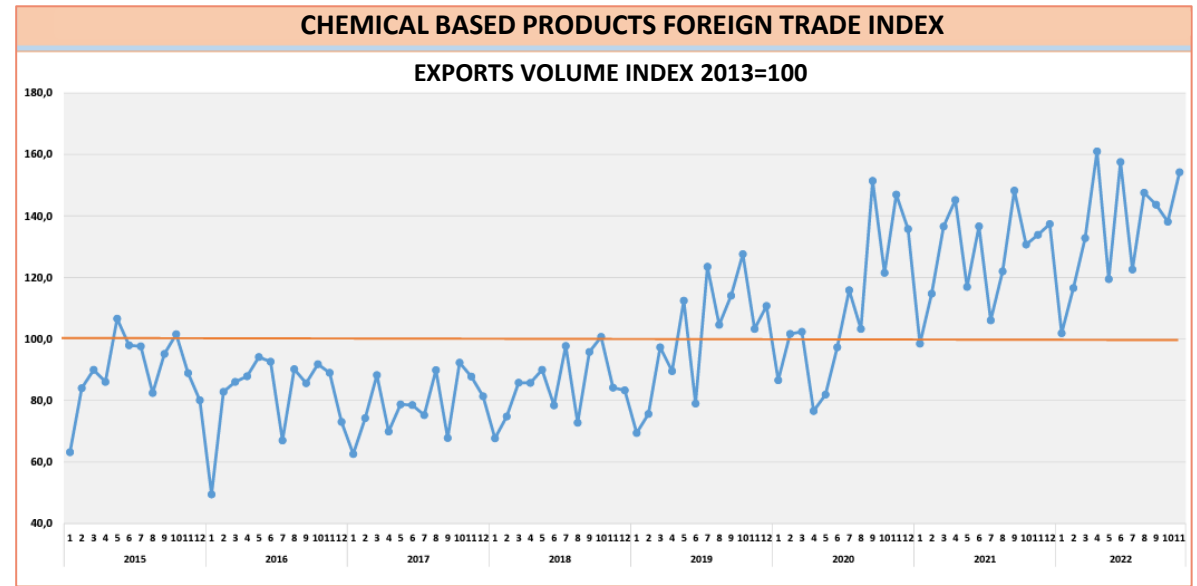
- In the last quarter of 2022, an increase was recorded in construction permits, similar to previous years.
- Throughout the year, there was a 10% decline in the number of dwellings, for which construction permits were issued, and a 9% contraction in the floor area.



Export Markets: Construction Materials Industry

- In Jan.-Nov.2022* period, exports of construction materials increased by 11,8% compared to same period of last year and reached USD 31,1 bln..
- In the same period, exports of construction chemicals and construction paints & varnishes, which were both up by 27%, reached USD 769 mln. and USD 325 mln., respectively.
- The expectation of recession in world economy in 2023 has also decreased significantly, and the World Bank has revised its growth projections for 2023 upwards.
- An upward trend has started in commodity prices in general, with the reduction of recession concerns in the global economy, low energy prices and the expectation of China's return.

Exports (USD million)	Jan.-Nov. '22	Jan.-Nov. '21
Construction Materials	31.132,6	27.842,0
- Construction Chemicals	769,2	605,6
- Cons. Paints & varnishes	324,7	255,4



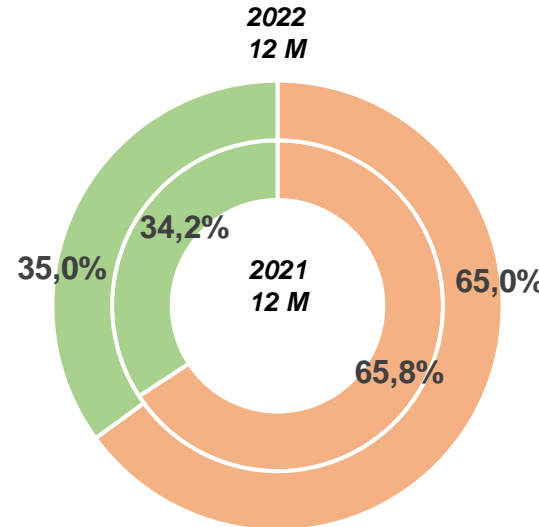
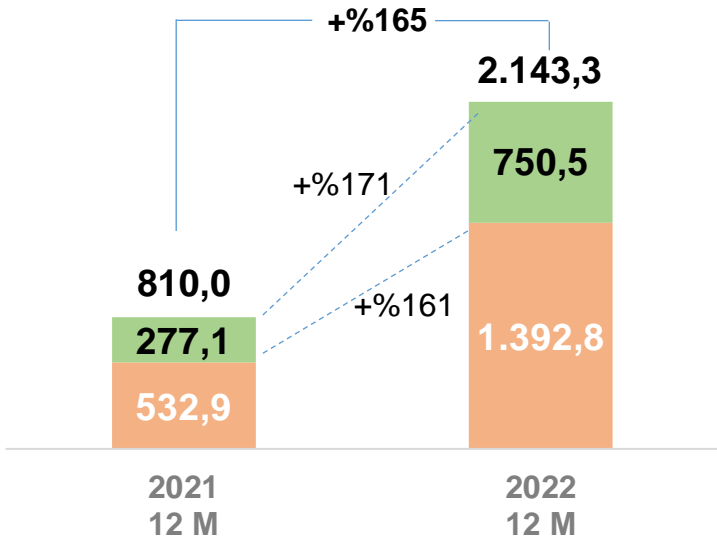
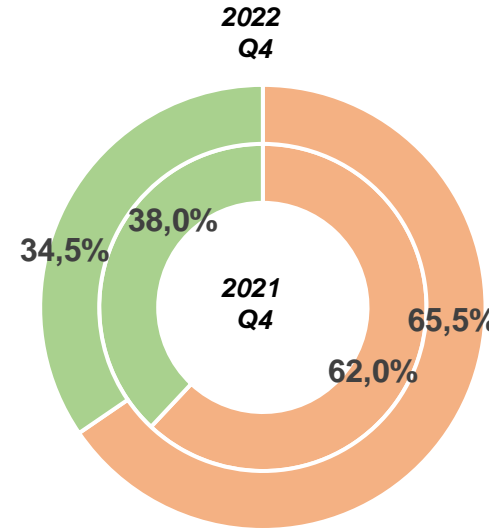
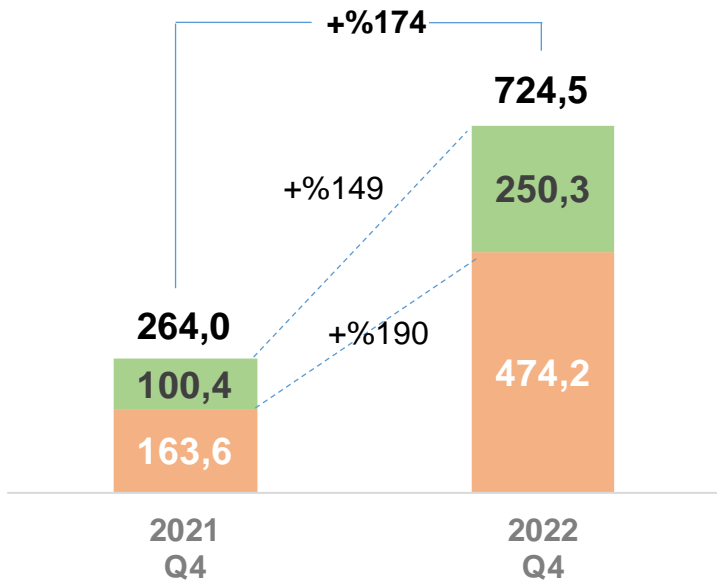
* Jan.-Dec 2022 figures have not been published yet..

Source: İMSAD



Sales Growth & Breakdown by Region

TL million



- Despite the volume decrease in the Turkish market and the growth in exports, Turkey's share increased in Q4 and the change throughout the whole year remained limited due to pricing in TL terms, the relatively stable FX and the consolidation of K. Lyksor, whose sales are predominantly local.

- Excluding K. Lyksor, the share of international sales was 39% in Q4 and 38% in whole year.

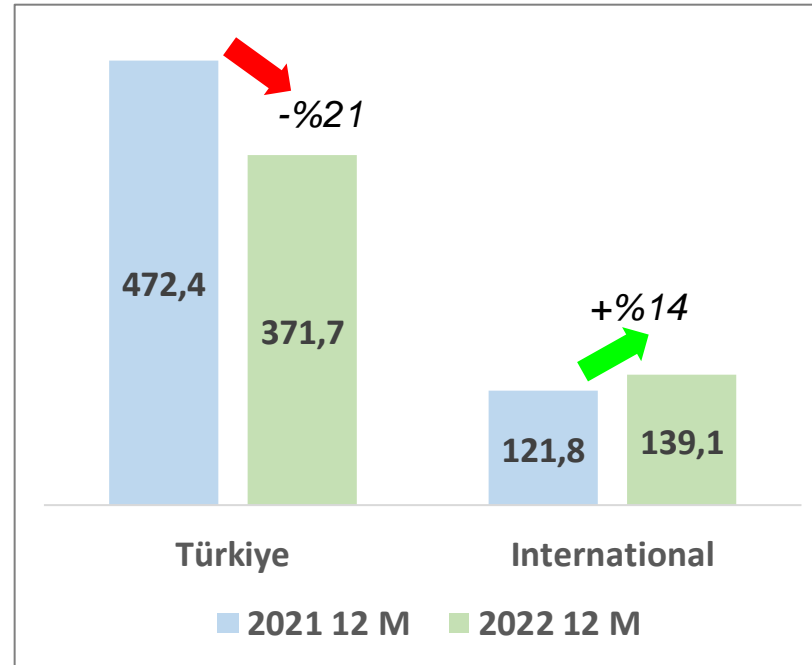
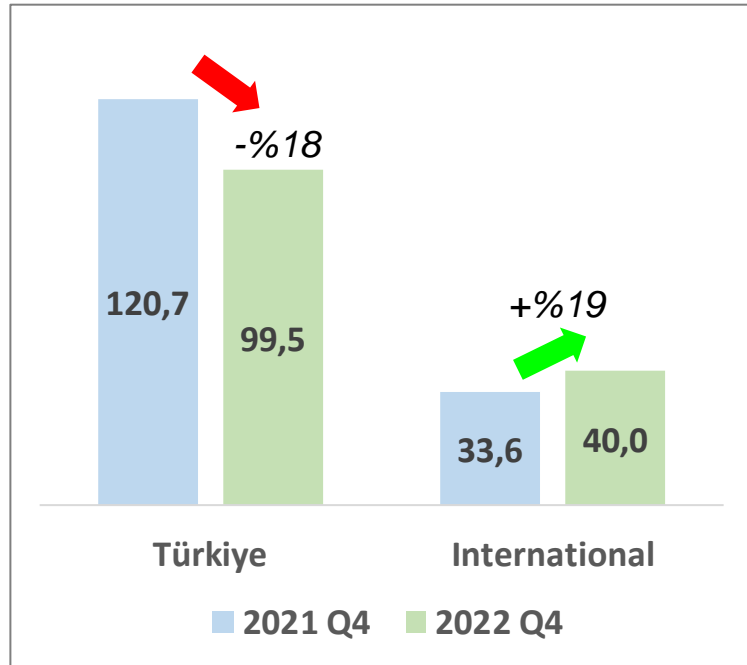
Türkiye International



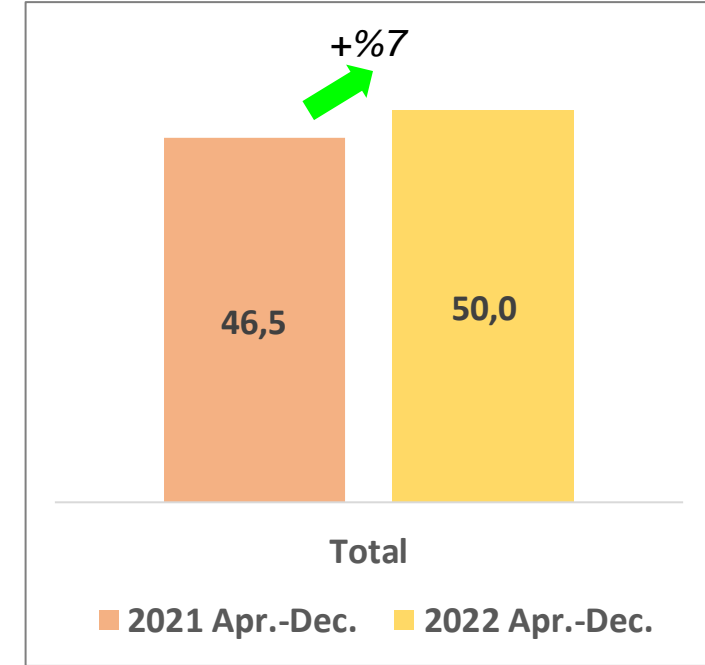
Sales Volume Growth

- In the Turkish market, despite the improvement compared to Q3, the volume decrease continued in Q4, and the annual contraction was around 21%.
- Annual organic growth was 14%, thanks to strong growth in international sales, reaching 19% in the last quarter.
- Consolidated as of April 2022, Kalekim Lyksor's sales volume increased by 7%.

Dry Mortar & Paint/Plaster Sales Volume
(000 tonnes)



Concrete & Cement Chemicals
Sales Volume
(tonnes)

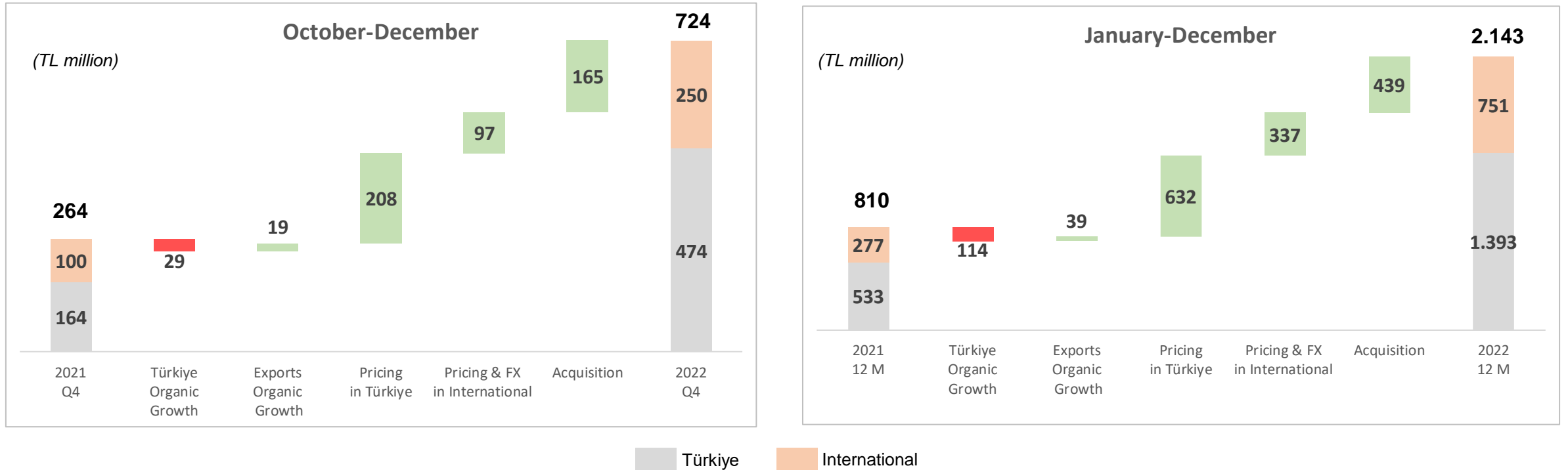




Sales Value Growth

- In a period when the Turkish market contracted, net sales grew by 174% in Q4 and by 165% in whole year thanks to increase in exports, new company acquisition, pricing and exchange rate effects.

Net Sales

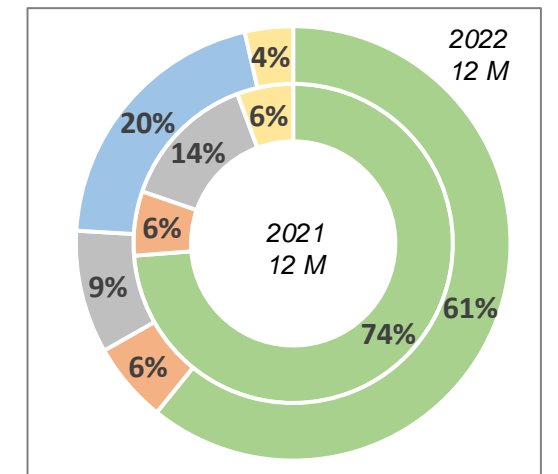
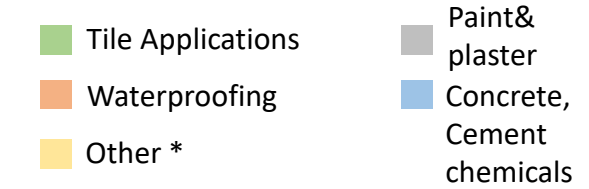
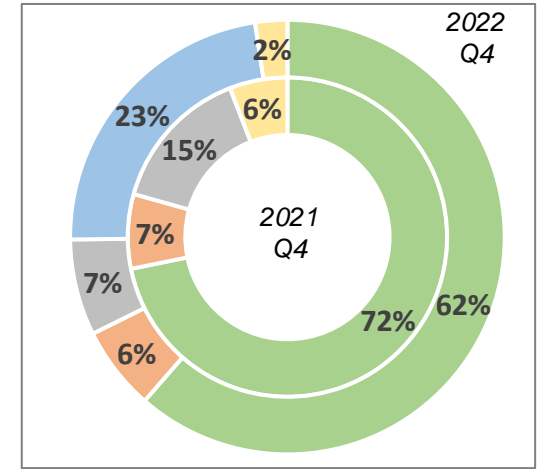
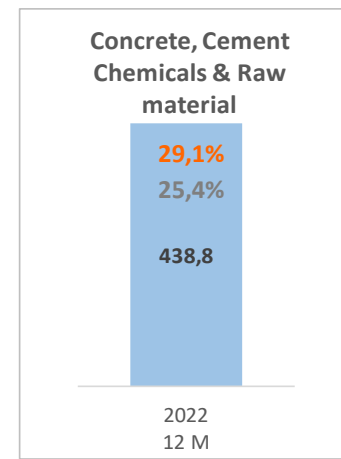
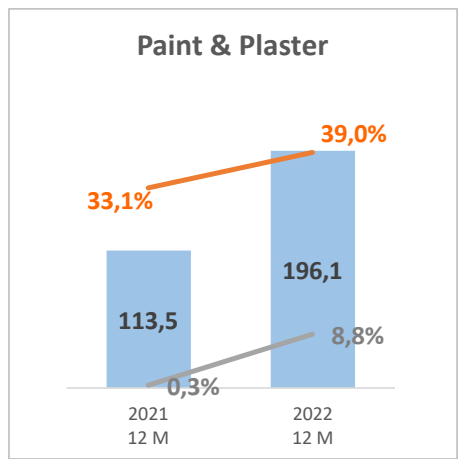
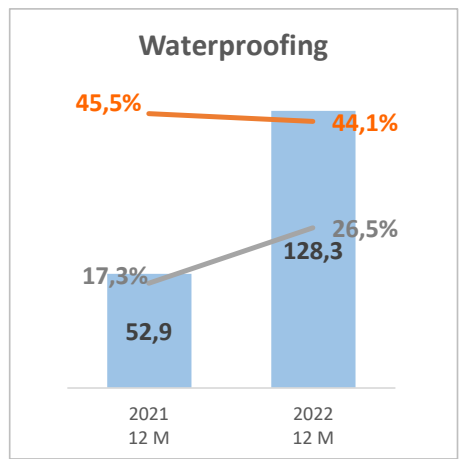
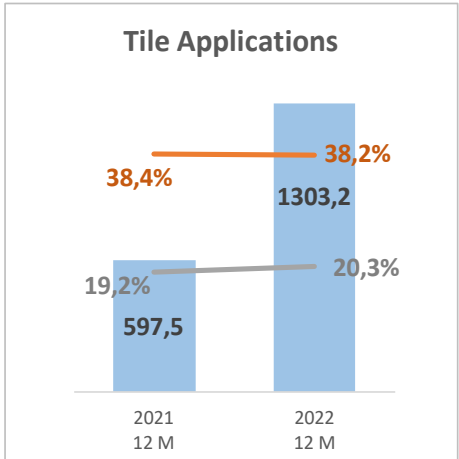
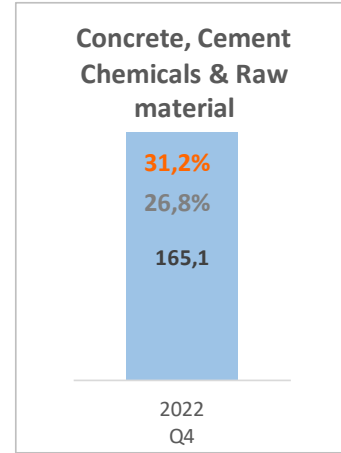
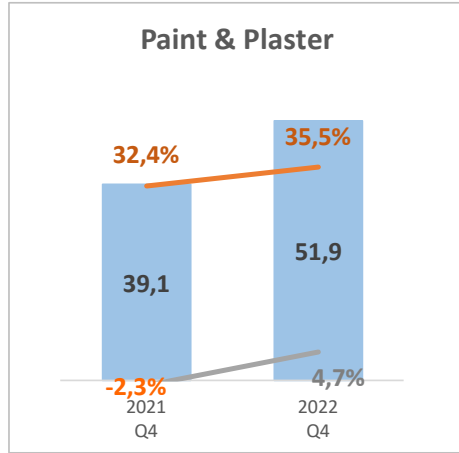
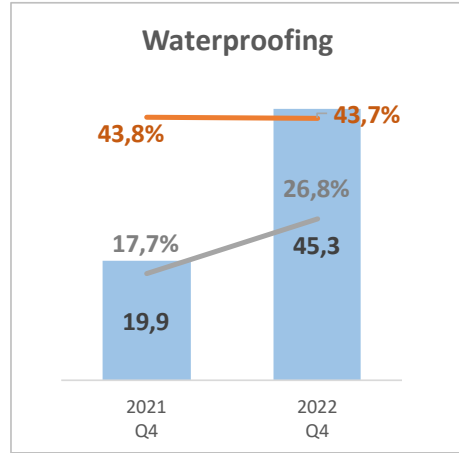
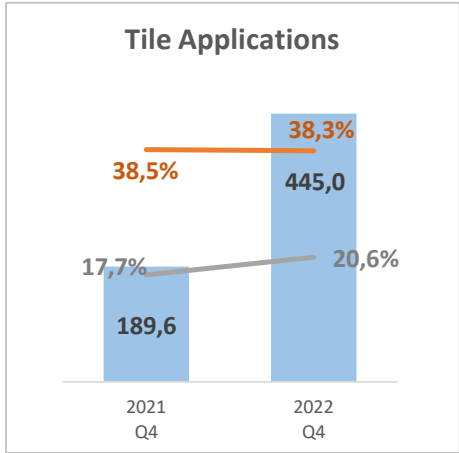


* Sales gain or loss resulting from the volume effect are calculated over the average prices of the relevant period of 2021.



Sales Growth & Profitability by Product Group

- In Q4, the gross margin was maintained in tile applications and waterproofing product groups, while the margin continued to improve in the paint & plaster product group.



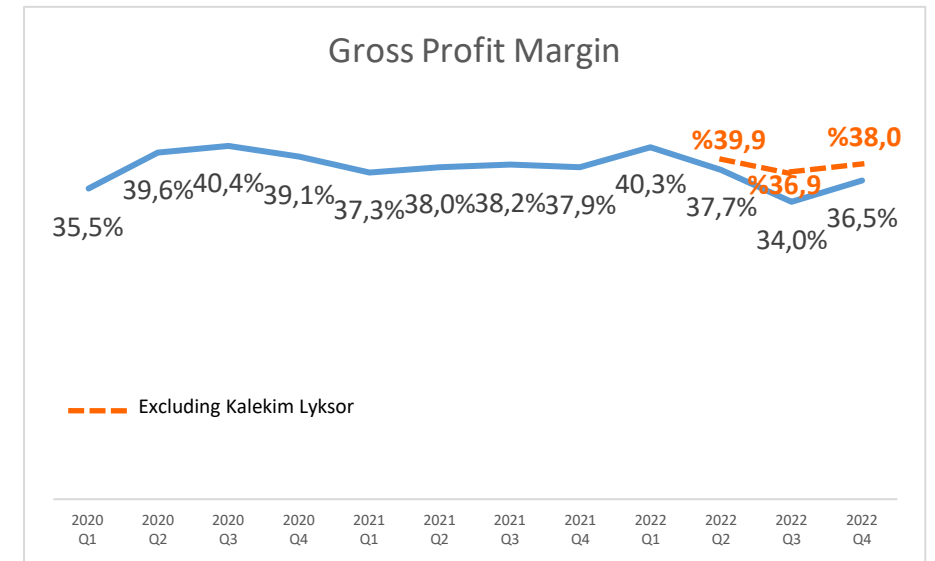
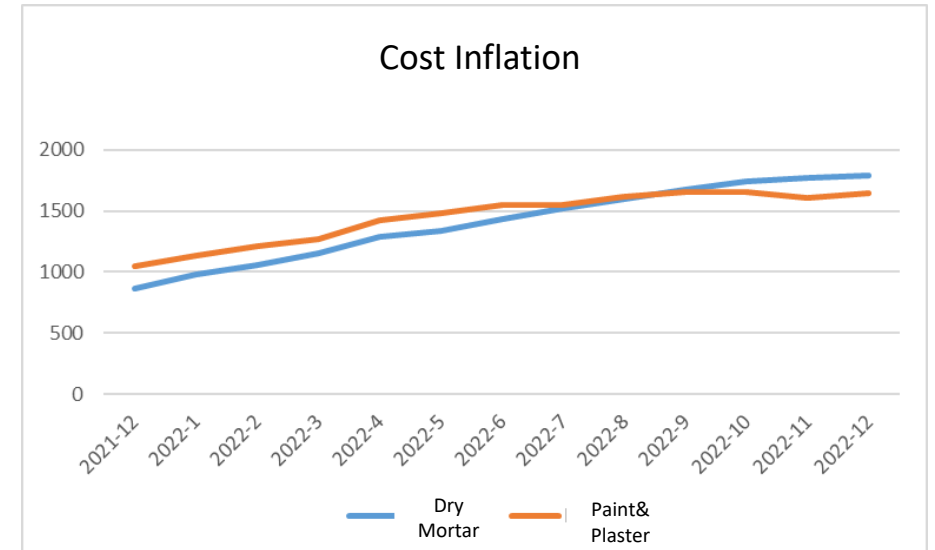
■ Net Sales (TL million) – After eliminations
— Gross Profit Margin
— Operating Profit Margin

* Heat insulation and other sales



Effective Supply Chain and Cost Management

- Price increases slowed down in chemical raw material markets in the last quarter of 2022 due to decrease in logistics costs and decrease in demand in the global raw material markets.
- As of December 2022-end, dry mortars cost index increased by 277%, while paint group cost index increased by 157%, compared to the same period of the previous year.
- Thanks to actions taken on the cost and pricing side, a gross margin of 38% was achieved in Q4, excluding K. Lyksor



Financial Statements



P&L Statement

(TL million)	2022 Q4	2021 Q4	2022 Q3	Y-on-Y Change	Q-on-Q Change	2022 12-Month	2021 12-Month	Y-on-Y Change
Net Sales	724,5	264,0	560,9	174%	29%	2.143,3	810,0	165%
Gross Profit	264,3	100,2	190,7	164%	39%	786,2	307,1	156%
<i>Margin</i>	36,5%	37,9%	34,0%			36,7%	37,9%	
Operating Profit	148,1	38,0	99,0	290%	50%	424,5	126,6	235%
<i>Margin</i>	20,4%	14,4%	17,7%			19,8%	15,6%	
Profit Before Tax*	186,8	130,4	107,2	43%	74%	508,0	242,0	110%
<i>Margin</i>	25,8%	49,4%	19,1%			23,7%	29,9%	
Net Profit**	250,6	117,3	89,0	114%	182%	524,7	213,2	146%
<i>Margin</i>	34,6%	44,4%	15,9%			24,5%	26,3%	
EBITDA	158,2	46,1	114,5	243%	38%	467,1	152,7	206%
<i>Margin</i>	21,8%	17,5%	20,4%			21,8%	18,9%	

* In the last quarter of 2021, net foreign exchange gain of approximately TL 64.5 million was recorded due to rapid increase in FX.

** As a result of the valuation and indexation of fixed assets in line with inflation in 2022, a deferred tax income of TL 64.4 million was generated in Q4.



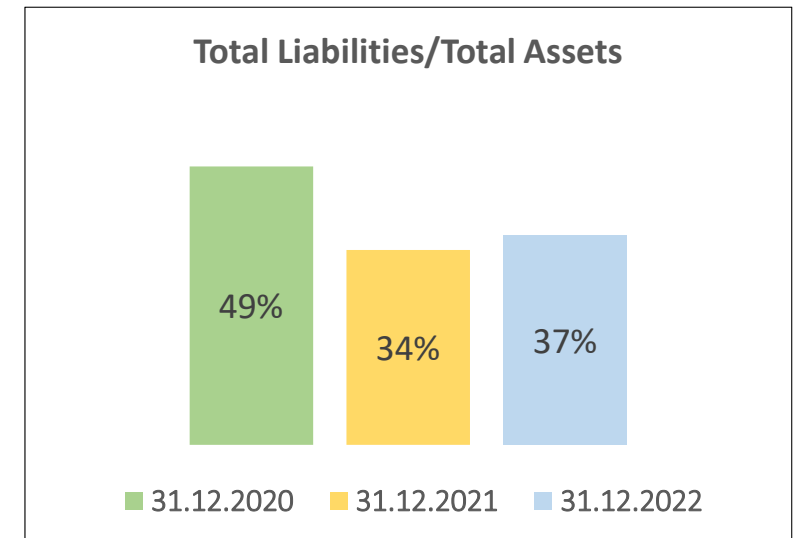
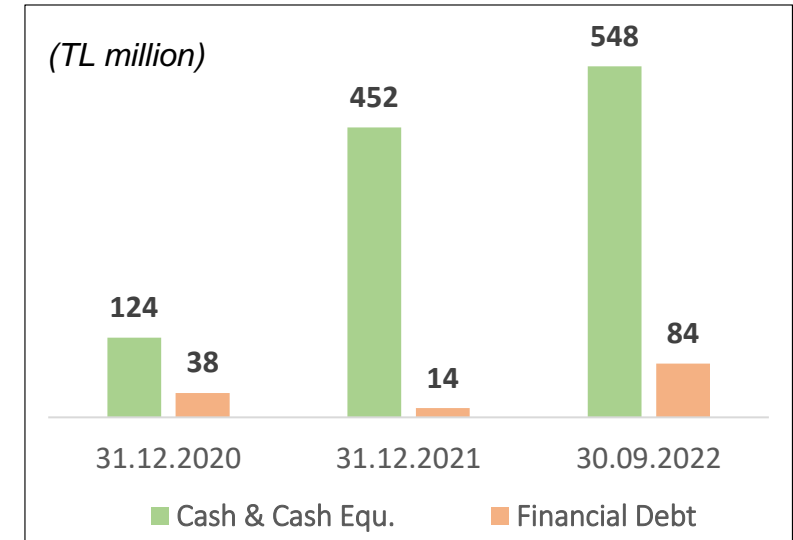
Balance Sheet

<i>(TL million)</i>	31.12.2022	31.12.2021		31.12.2022	31.12.2021
Current Assets	1.301,5	753,2	Current Liabilities	609,2	316,0
Cash & Cash Equivalents	498,8	452,3	Short Term Borrowings	62,7	0,0
Financial Investments	48,9	0,0	Short Term Portion of LT Borrowi	3,4	0,0
Trade Receivables	501,4	197,8	Liabilities from leasing	5,9	5,5
Inventories	215,8	75,6	Trade Payables	396,2	236,3
Prepaid Expenses	10,8	8,7	Deferred Incomes	79,9	46,6
Others	25,9	18,8	Provisions	25,3	15,5
			Others	35,9	12,1
Non-current Assets	495,7	230,9	Non-current Liabilities	58,3	23,9
Tangibles Assets	242,1	140,3	Financial Liabilities	11,7	8,8
Intangible Assets	52,3	14,7	Provisions	46,6	15,1
Properties for Investment Purpose	81,7	51,1	Total Equity	1.129,7	644,3
Others	119,5	24,8	Paid-in Capital	115,0	115,0
TOTAL ASSETS	1.797,2	984,1	TOTAL LIABILITIES & EQUITY	1.797,2	984,1



Strong and Liquid Balance Sheet

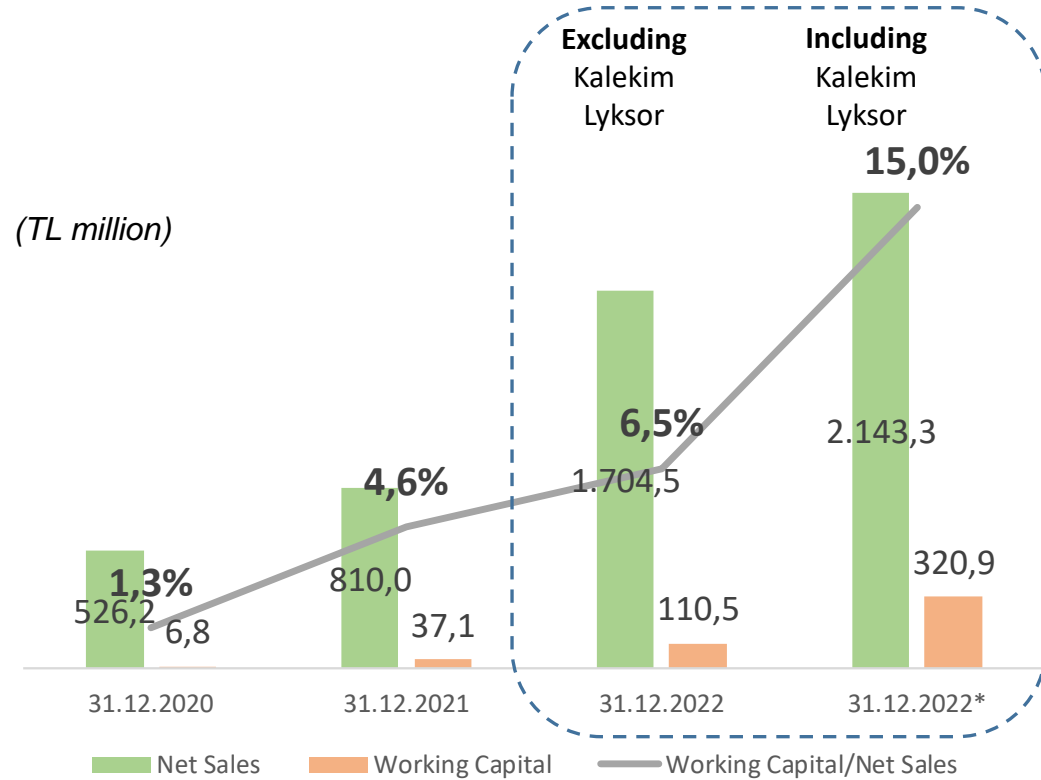
- Despite the cash outflow for Lyksor share purchase (TL~140 million), Mardin investment (TL~39 million) and dividend payment (TL 50 million), the total value of cash, cash equivalents and financial investments* was TL 548 million by the end of 2022.
- Around 460 million TL of cash deposit, 11% was held in FX-protected and 15% in USD and EUR deposit accounts by the year-end.
- Out of TL 84 million financial debt, around TL 67 million stands in Kalekim Lyksor's balance sheet for financing of working capital need.
 - The remaining TL 17 million is due to short and long-term lease agreements.
 - Net debt/EBITDA ratio is approximately 0.3X for Kalekim Lyksor.



* FX-protected deposits are reported under financial investments.



Working Capital Management



- The working capital/net sales ratio, which has increased with the consolidation of Kalekim Lyksor as of 2022 Q2, continuously improved every quarter and reached 15% at the end of the year, in line with our guidance. (2022 Q2: %26,7 – 2022 Q3: %23,6)

Number of Days	31/12/ 2020	31/12/ 2021	Excluding Kalekim Lyksor	Including Kalekim Lyksor
			31/12/ 2022	31/12/ 2022
Trade Receivables	77	70	56	59
Inventories	33	40	40	39
Trade Payables	138	137	106	84

2023 Guidance



2022 Guidance vs. Actuals

Guidance

Actuals

☐ Net Sales (TL)

%130-150

%165



- Dry Mortar

~%15 decrease
(tonnes based)

%14 decrease
(tonnes based)



- Paint & Plaster

~%15 decrease
(tonnes based)

%21 decrease
(tonnes based)



☐ EBITDA Margin

~%20

%21,8



☐ CAPEX

TL 70-80 mio.

TL 88 mio.



☐ Working Capital/Net Sales

%10-%15

%15,0



Under current demand conditions, sales volume was below guidance since the target/focus was profitability rather than volume.



2023 Guidance*

- Net Sales (TL) : %55-70
 - Turkiye : Around mid-single digit growth (*tonnes based*)
 - International : 10-15% growth (*tonnes based*)

- EBITDA Margin : Around 20%

- CAPEX : TL 400-500 million (incl. SES-Solar Energy System)

- Working Capital/
Net Sales : 10%-15%

** These are the expectations based on approved budget before the earthquakes that took place on Feb. 6, 2023.*



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