



ADEL KALEMCİLİK
31 MARCH 2022 EARNINGS RELEASE





ADEL KALEMCİLİK (BIST: ADEL.IS)
1Q2022 EARNINGS RELEASE

(000 TL)	1Q2021	1Q2022	%
Net Sales	80.178	123.864	54%
Gross Profit	21.329	63.490	198%
EBITDA	-9.731	25.388	N/A
Gross Margin	27%	51%	
EBITDA Margin	-12%	20%	
Net Financial Debt	251.630	217.017	-14%

MESSAGE FROM OUR GENERAL MANAGER EVRİM HİZALER

The year 2022 started with the reduction of the negative effects of the pandemic in the world and in our country, however, with the continuation of macroeconomic balance changes, with the negative impact of inflation on purchasing power, and with the emergence of international crises and wars. In terms of the Stationery Industry, the permanent opening of schools for face-to-face education and the return to hybrid and full-time models in offices are considered positive developments, while fluctuations in exchange rates, increases in raw material and energy prices continue to complicate economic conditions.

With our experience of more than fifty years, we continue to develop alternative strategies and take actions in line with the requirements of the current economic conditions and the future goals of our company.

The year 2022 will be a year for us to shape our product portfolio and service levels for sales channels according to the rapidly changing attitudes and behaviors of consumers with the pandemic.

This year, we started to notice the positive effects of our regional authorized dealership system, which we launched last year and which is a first in the sector. Our Customer

Genel / Public

Satisfaction rates are increasing significantly; the participation in our sales and marketing activities that we carried out in the first quarter also supports it. When infrastructure integrations are completed, we will be providing the best service level all over Turkey, together with our dealers.

We started to notice the positive contribution of the actions we took to meet the differing needs of our customers in export, school, online and organized trade channels and the improvements in the product portfolio, and we achieved significant growth in the first quarter.

With the reduction of the effects of the pandemic and the effective management of the product and channel mix, our net sales returned to their usual course in the first quarter, increasing by 54% compared to the same period of the previous year.

In line with our core value of "goodness", Quality Education and Climate Action, which are among the United Nations Sustainable Development Goals, are our two main focus areas. We will continue and expand our corporate social responsibility projects such as "1500kelime.com Platform" and "Goodness Tree Forest" in these two focus areas.

The determination and desire to succeed of our colleagues are of great importance in achieving the goals of the company. In this sense, we started the year with three important awards that make us very happy and a certification that can open new opportunities for us;

We were rewarded with 2 Gold Stevie awards from "1500 words.com", which supports the intelligence development of preschool children. According to the results of the project activity research we conducted, 99% of the teachers recommend the 1500Kelime.com Platform for the mental development of children.

In the 2022 Happy Place to Work - Turkey's Happiest Workplaces research, we were entitled to receive the Happiest Workplace award in our industry.

Thank you once again to all our friends who contributed.

In 2022, we will continue to work with the target of double-digit growth, create positive pre-tax profitability and free cash flow, and implement social responsibility projects that will contribute to quality education and the environment.

FINANCIAL PERFORMANCE

A- NET SALES

Our sales and marketing activities in the first quarter of the year were realized within the framework of our expectations, and our net sales increased by 54% compared to the previous year and reached 123.9 million TRY.

B-EBITDA

The permanent start of face-to-face education and the return to the hybrid and physical working model in offices as a result of the reduction of the effects of the pandemic in the first quarter of 2022 had a positive impact on the sales and marketing activities we carried out in the first quarter. On the other hand, due to the increase in exchange rates during the year as a result of the start of the Russia-Ukraine war and the effect of the war on the supply chain, product costs increased significantly. Under all these conditions, our net sales in the first quarter of 2022 were 54% higher than the previous year, our gross profit margin was 63.5 million TRY, which is 25% above the previous year, and our EBITDA value turned positive compared to the previous year and realized as 29.8 million TRY with a 24% margin.

C-NET FINANCIAL DEBT

While the net debt of our company was 251.6 million TRY as of the end of March 2021, it was 217 million TRY as of the end of March 2022. The main reason for the decrease in net indebtedness compared to the same period of the previous year is the changes in imports and accordingly the shipping periods.

2022 SECTORAL AND FINANCIAL OUTLOOK

The market is expected to return to its normal course due to the decreasing effect of the pandemic as of the first quarter of 2022 and the resumption of face-to-face education in schools as of the 2021-2022 season and the fact that office workers have largely returned to a physical or hybrid working model.

In this direction, the targets of our company within the framework of the strategic business plan for 2022 are as follows;

- Double-digit net turnover and EBITDA increase in domestic and international sales parallel to quantitative growth in main product categories
- Generating positive profit before tax and positive free cash flow
- Effective balance sheet management

Adel Kalemcilik Sanayi ve Ticaret A.Ş.
Summary Income Statement
(000 TL)

	31.03.2021	31.03.2022
Revenue	80.178	123.864
Cost of sales (-)	(58.849)	(60.374)
Gross profit	21.329	63.490
Operating expenses	(29.255)	(42.248)
Other operating income/(expense), net	(6.133)	(3.284)
Operating income	(14.059)	17.958
Income/(expense) from investing activities, net	72	-
Gain/(loss) from investments accounted through equity method	120	-
Financial income/(expense), net	(2.829)	(20.389)
Income/(loss) before tax from continuing operations	(16.696)	(2.431)
Tax income/(expense)	2.974	(4.024)
Net income/(loss)	(13.722)	(6.455)
EBITDA	(9.731)	25.388
Profitability ratios	31.03.2021	31.03.2022
Gross profit margin	27%	51%
Operating profit margin	-18%	14%
Net income margin	-17%	-5%
EBITDA Margin	-12%	20%
	31.03.2021	31.03.2022
Market value as of March 31 (000 TL)	572.670	647.325

Adel Kalemcilik Sanayi ve Ticaret A.Ş.
Summary Balance Sheet
(000 TL)

	31.12.2021	31.03.2022
Cash and cash equivalents	342.560	338.364
Trade receivables	92.569	117.703
Inventories	113.968	176.770
Other current assets	43.314	49.370
Current assets	592.411	682.207
Financial investments	234	234
Property, plant and equipment	99.115	101.313
Intangible assets	11.749	10.798
Other non-current assets	4.748	23.673
Non-current assets	115.846	136.018
Total assets	708.257	818.225
Short-term borrowings	303.390	464.217
Current portion of long-term borrowings	195.192	84.965
Trade payables	35.895	77.325
Other current liabilities	13.835	24.543
Current liabilities	548.312	651.050
Long-term borrowings	14.107	28.477
Long-term provisions	14.573	14.941
Non-current liabilities	28.680	43.418
Total equity	131.265	123.757
Total liabilities and equity	708.257	818.225

RISKS

Financial Risks: Our company's financial statements are sensitive to changes in interest rates due to the high working capital in the first 9 months of the year. Depending on the course of geopolitical risks and macroeconomic indicators in our country, there are upward or downward changes in interest rates. The company follows a policy that will remain below market interest rates with the measures it has taken in a foreseeable manner. Despite the increase in loan interest rates, it was possible to stay below the market rate thanks to the low-interest loans used in the last quarter of 2021 and in the first quarter of 2022.

FX Risk: Our company hedges a minimum of 50% of its foreign exchange risk according to its risk management policy.

Risk of Receivables: Due to the fact that the Company operates in this system, there is no significant risk arising from its receivables. Our company has been increasing the guarantees it has received over the years. Our guarantee structure consists mainly of DBS.

FORWARD-LOOKING STATEMENTS DISCLAIMER

This document contains forward-looking statements concerning future performance and should be regarded as the company's good faith assumptions about the future. Such forward-looking statements reflect management's expectations based on currently available information at the time they are made. Adel Kalemcilik's actual results are subject to future events and uncertainties that may significantly affect the company's performance.

INVESTOR RELATIONS CONTACT INFORMATION

You can visit our website www.adel.com.tr to access the company's financial statements and annual report. You can contact the people listed below on any subject.

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