



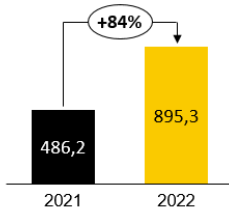
Adel Kalemcilik
31 December 2022, Earning Release

ADEL KALEMCİLİK (BIST: ADEL.IS), FY2022 EARNING RELEASE

(000 TL)	2021	2022	%
Net Sales	486.155	895.273	84%
Gross Profit	153.865	360.453	134%
EBITDA	59.659	192.283	12%
Net Income/(Loss)	-12.698	37.492	0%
Net Working Capital	200.121	246.164	23%
Net Financial Debt	167.169	208.838	25%
Free Cash Flow	-16.696	15.219	N/A
<i>Gross Margin</i>	<i>32%</i>	<i>40%</i>	
<i>EBITDA Margin</i>	<i>12%</i>	<i>21%</i>	

FINANCIAL PERFORMANCE

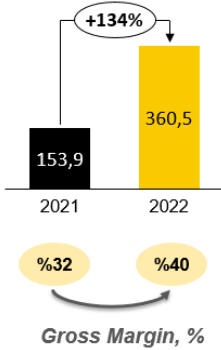
Net Sales (M TL)



A-NET SALES

Net sales amounted to TRY 895.3 million, up 84% compared to the previous year.

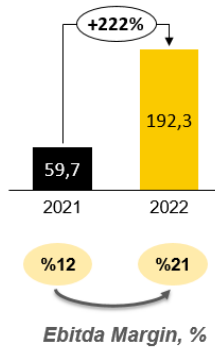
Gross Profit (M TL)



B-GROSS PROFIT AND EBITDA

Despite the high increases in product costs and energy prices due to the inflationary environment in Türkiye and around the world as well as the ongoing risks on the supply chain, our gross profit more than doubled compared to the same period of the previous year and was realized as TRY 360.5 million, while our gross profit margin increased by 8 percentage points compared to the same period of the previous year and was realized as 40%.

Ebitda (M TL)

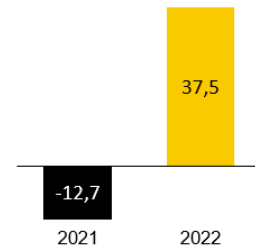


Similarly, EBITDA increased more than 3 times compared to the same period of the previous year and was realized as TRY 192.3 million with a 21% margin.

C-NET INCOME

The net income was realized as TRY 37.5m as of December 2022. The net income, which was negative in the previous period, turned positive in line with gross margin and EBITDA improvements.

Net Income(M TL)

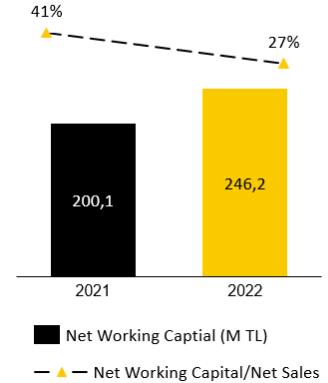


D-NET WORKING CAPITAL

Net operating capital needs stood at TRY 246.2 as of December 2022. Net Operating Capital Needs / Net Sales ratio of 41% at the end of December 2021 was reduced to 27% by the end of December 2022.

Net working capital increased by 23% compared to the same period of the previous year, mainly due to the quantitative growth in 2022.

Net Working Capital (M TL)

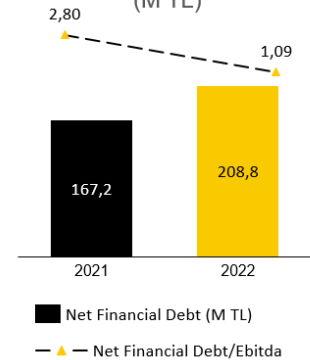


D- NET FINANCIAL DEBT

Company's net debt increased by 25% compared to the same period of the previous year and amounted to TRY 208.8 million as of the end of December 2022. Excluding interest accruals for an increase in the net debt amount, the increase in the net debt amount is 9%.

As a result of our increased profitability and effective balance sheet management, the Net debt/EBITDA ratio of 2.8 at the end of December 2021 was 1.09 at the end of December 2022.

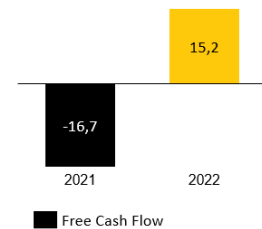
Net Financial Debt (M TL)



D- FREE CAHS FLOW

Our company's previous negative free cash flow amount was TRY 15.2m as of December 2022.

Free Cash Flow (M TL)



RISKS

Financial Risks: Our company's financial statements are sensitive to changes in rates due to the way they operate with high operating capital in the first 9 months of the year. There are changes in interest rates, up or down, depending on the course of the geopolitical risks and the macroeconomic indicators in our country. The company has been following a policy that will fall short of market interest rates with its forecasted actions. Despite rising interest rates on credit and changing credit usage regulations, the last quarter of 2021 and the low interest loans used during 2022 have allowed our company loan interest rate to occur below the market credit interest rate. We are making our financial planning by diversifying our financing sources with alternative financing instruments as the restrictions on loans will continue to increase in 2023.

Currency Risk: Our company hedge a minimum of 50% of the currency risk according to its risk management policy. As of December 31, 2022, there is no risk of currency in our company. The majority of our currency risk has been hedged within the same policy framework for 2023.

Receivable Risk: Company receives checks from dealers in advance for the orders received during campaign and fair periods. Upon shipment, the majority of these dealer checks are converted into DDS (Direct Debiting System) and Stationery Checks (Customer Checks). For the remaining dealer risks, mortgages, credit cards, letters of guarantee and other collateral instruments are obtained. As the Company operates under this system, there is no significant risk arising from its receivables. Collateral structure mainly consists of DDS.

SECTORAL AND FINANCIAL OUTLOOK IN 2023

Company's targets within the framework of the strategic business plan for 2023 are as follows;

- High double digit growth in net sales and EBITDA
- Gross profit margin target above 2022 levels
- Effective balance sheet management and positive free cash flow generation

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

	1 January- 31 December 2021	1 January- 31 December 2021
Revenue	486.155	895.273
Cost of sales (-)	(332.290)	(534.820)
Gross profit	153.865	360.453
Operating expenses	(114.284)	(218.168)
Other operating income/(expense), net	(2.431)	5.979
Operating income	37.150	148.264
Income/(expense) from investing activities, net	622	355
Financial income/(expense), net	(51.548)	(113.440)
Income/(loss) before tax from continuing operations	(13.776)	35.179
Tax income/(expense)	1.078	2.313
Net income/(loss)	(12.698)	37.492
EBITDA	59.659	192.283
Profitability ratios	1 January- 31 December 2021	1 January- 31 December 2021
Gross profit margin	32%	40%
Operating profit margin	8%	17%
Net income margin	-3%	4%
EBITDA Margin	12%	21%
Market value as of December 31 (000 TL)	780.098	2.657.813

	31.12.2021	31.12.2022
Cash and cash equivalents	342.560	292.369
Trade receivables	92.569	56.428
Inventories	113.968	240.774
Other current assets	43.314	52.913
Current assets	592.411	642.484
Financial investments	234	4
Property, plant and equipment	99.115	108.365
Intangible assets	11.749	15.484
Other non-current assets	4.748	42.202
Non-current assets	115.846	166.055
Total assets	708.257	808.539
Short-term borrowings	303.390	486.890
Current portion of long-term borrowings	195.192	17.199
Trade payables	35.895	57.815
Other current liabilities	13.835	46.136
Current liabilities	548.312	608.040
Long-term borrowings	14.107	28.260
Long-term provisions	14.573	37.938
Non-current liabilities	28.680	66.198
Total equity	131.265	134.301
Total liabilities and equity	708.257	808.539

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.

YASEMEN GÜVEN ÇAYIREZMEZ
Financial Affairs Director
Investor Relations Unit Manager
E-Mail: yasemen.cayirezmez@adel.com.tr
Phone: 0 850 677 70 00
Fax: 0 850 202 72 10

PELİN İSLAMOĞLU
Reporting and Investor Relations Manager
Investor Relations Unit Employee
E-Mail: pegin.islamoglu@adel.com.tr
Phone: 0 850 677 70 00
Fax: 0 850 202 72 10

FATİH ÇAKICI
Accounting Manager
Investor Relations Unit Employee
E-Mail: fatih.cakici@adel.com.tr
Phone: 0 850 677 70 00
Fax: 0 850 202 72 10