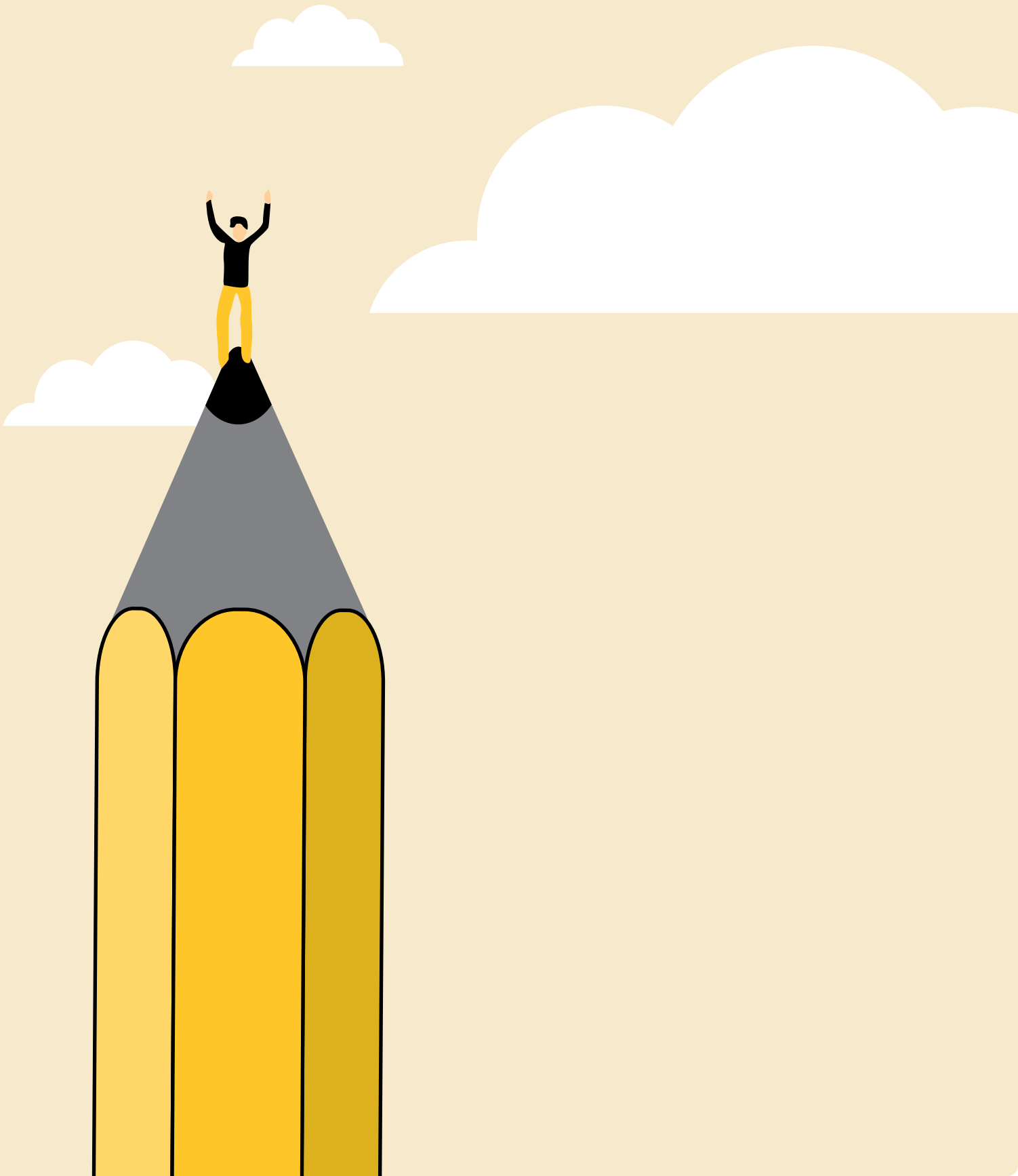




**January-September 2023
Earnings Release**

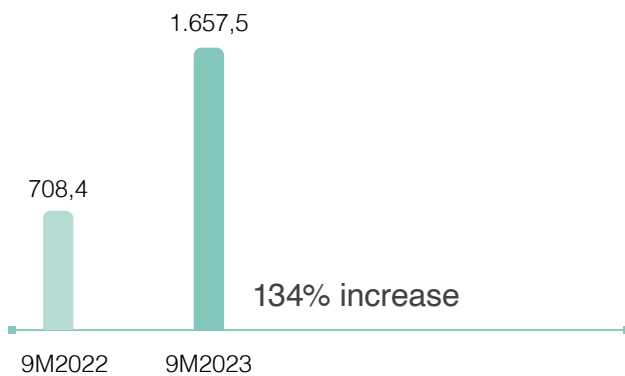


9M2023 Financial Performance

(TL thousand)	9M2022	9M2023	%
Net Sales	708,413	1,657,536	134%
Gross Profit	261,648	957,503	266%
EBITDA	144,554	646,649	347%
Net Profit/(Loss)	45,244	409,879	806%
Net Working Capital	688,500	870,846	26%
Net Financial Debt	701,585	570,771	-19%
Free Cash Flow	-451,959	-273,190	-40%
Gross Profit Margin	37%	58%	
EBITDA Margin	20%	39%	
Net Profit Margin	6%	25%	

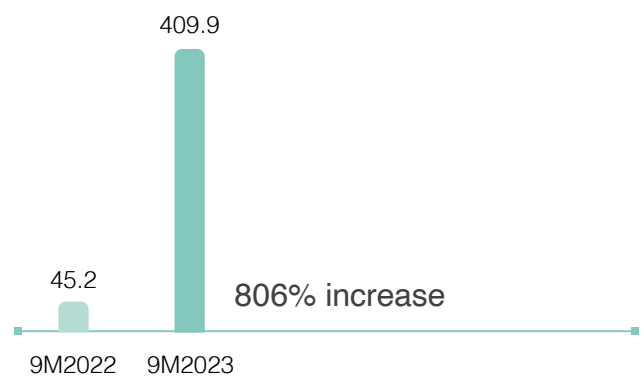
* All figures and tables in this report include the impact of IFRS 16.

Net Sales (TL million)



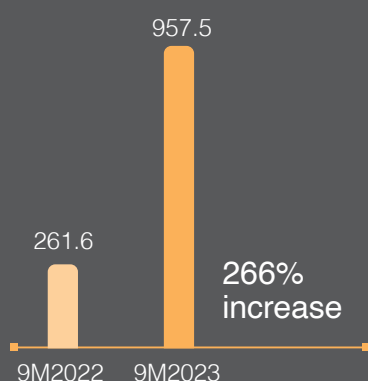
Net sales were up by 134% year-on-year and amounted to TL1,657.5 million during the first nine-month period of 2023. This was due to (1) better-than-expected performance of traditional-channel orders at the year's fairs and (2) increased momentum in modern channel sales compared to the previous year.

Net Profit (TL million)



While our net profit for the first nine months of 2022 was TL 45.2 million, it surged to TL 409.9 million in the same period of 2023. This huge increase in net profit was mainly due to improvements in our gross profit margin and EBITDA performance; however it also reflects the impact of effective balance sheet management on our net financing costs.

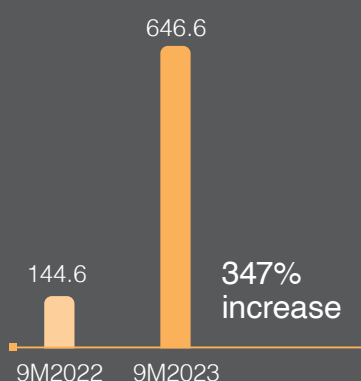
Gross Profit (TL million)



Gross Profit Margin, %

37% → 58%

EBITDA (TL million)



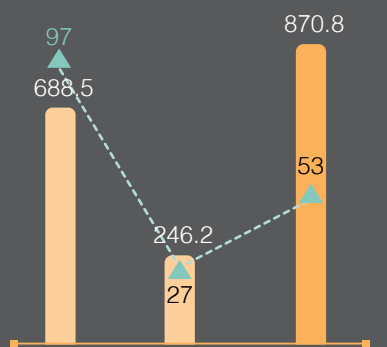
EBITDA Margin, %

20% → 39%

Despite the prevailing domestic and global inflationary environments during the first nine months of 2023, our gross profit increased 3.7-fold compared to the same period of the previous year to TL 957.5 million. This is attributable to (1) effective cost management and (2) an effective pricing policy. Our gross profit margin also increased by 2,100 basis points to 58% compared to the same period of the previous year.

Similarly, EBITDA increased approximately 4.5-fold compared to the same period of the previous year to TL 646.6 million while EBITDA margin increased by 1,900 basis points to 39%.

Net Working Capital (TL million)



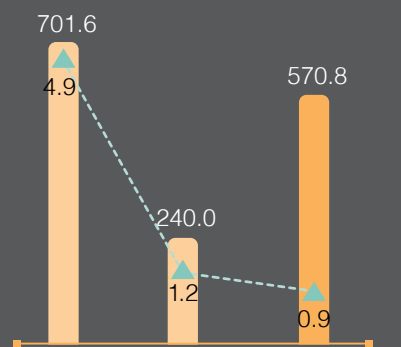
September 2022 December 2022 September 2023

Net Working Capital (TL million)
Net Working Capital/Net Sales (%)

As of the end of September 2023 our net working capital requirement was TL 870.8 million. Despite the surge in our net sales, our net working capital increased by only 26% compared to the same period of the previous year thanks to effective use of alternative collection methods.

Our working capital turnover ratio (Net working capital requirement / Net sales), which was 97% on 30 September 2022, decreased by nearly half to 53% as of 30 September 2023.

Net Financial Debt (TL million)



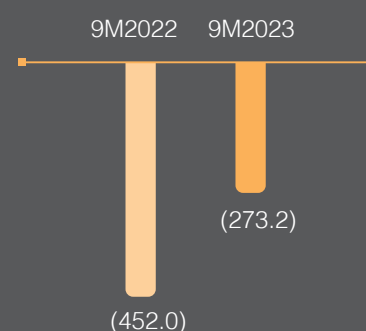
September 2022 December 2022 September 2023

Net Financial Debt (TL million)
Net Financial Debt/Net Sales (%)

As of 30 September 2023, the company's net debt was TL 570.8 million, a decrease of 19% from the previous year. Excluding interest accruals, the actual decrease was 24%.

The company's Q3 net debt to EBITDA ratio fell from 4.9 in 2022 to 0.9 in 2023. This was due to continued improvements in profitability and to effective balance sheet management.

Free Cash Flow (TL million)



Our free cash flow in the first nine months of 2023 was TL -273.2 million, an improvement of TL 178.8 million compared to the same period of the previous year. This improvement is attributable to (1) more effective balance sheet management and (2) increased profitability.

Risks

Financial risks: Due to the significant amount of working capital need during the first nine months of a year, the company's financial statements are vulnerable to changes in interest rates that reflect geopolitical risks as well as movements in the country's macroeconomic indicators. The company has a policy of keeping its borrowing rates below market rates and it takes precautions and actions to ensure this in a forward-thinking manner. Despite higher interest rates and changes in regulations governing credit use, bank loans contracted in the last

quarter of 2022 and alternative financing instruments such as corporate bonds issued in the first nine months of 2023 kept the company's effective borrowing rate below the market rate. Given current market uncertainties, the company plans to diversify its sources of financing and to continue making use of alternative financing instruments for the rest of 2023.

Currency risk: The company's risk management policy requires it to hedge at least 50% of its currency risk exposure. As of 30 June 2023, the company had no currency risk exposure.

Credit risk: Adel Kalemcilik requires its dealers to write it postdated checks or agree to direct-debit system (DDS) charges against any orders they place during campaigns, fairs etc. When the goods are shipped, most of these checks are also transferred to DDS or replaced with checks that dealers receive from their own customers. Remaining dealership credit risk exposure is covered by means of such instruments as credit card charges, letters of guarantee etc. Owing to its practice of doing business in this way, the company is not exposed to significant credit risk, which is mostly DDS-covered in any case.

2023 SECTORAL AND FINANCIAL OUTLOOK

Our company's projections are as follows:

- Net sales: Growth in the 90% range
- EBITDA margin: 25% - 30%
- Gross profit margin: 50% - 55%
- Net debt/ EBITDA ratio: < 1
- Generate positive free cashflow

Summary Balance Sheet

(TL thousand)	31.12.2022	30.09.2023
Cash and equivalents	292,369	288,568
Short-term financial investments	-	135,581
Trade receivables	56,428	832,848
Inventories	240,774	373,262
Other current assets	52,913	16,403
Current Assets	642,484	1,646,662
Financial investments	4	4
Other receivables	-	1,498
Tangible assets	108,365	120,631
Intangible assets	15,484	11,815
Other non-current assets	42,202	129,545
Non-Current Assets	166,055	263,493
Total Assets	808,539	1,910,155
Short term borrowings	486,890	721,489
Short term portion of long term borrowings	17,199	234,709
Trade payables	57,815	144,820
Other current liabilities	46,136	206,847
Current Liabilities	608,040	1,307,865
Long term borrowings	28,260	38,722
Long term provisions	37,938	34,454
Non-Current Liabilities	66,198	73,176
Equity	134,301	529,114
Total Liabilities & Equity	808,539	1,910,155

Summary Income Statement

(TL thousand)	1 January- 30 September 2022	1 January- 30 September 2023
Revenues	708,413	1,657,536
Cost of sales (-)	(446,765)	(700,033)
Gross Profit	261,648	957,503
Operating expenses (-)	(146,005)	(359,556)
Other Operating Income /Expense (net)	3,840	12,379
Operating Income	119,483	610,326
Income /(expense) from investment operations	177	128
Financial income/(expense)	(78,447)	(74,410)
Income/(Loss) Before Tax from Continuing Operations	41,213	535,152
Tax income/(expense)	4,031	(125,273)
Net Income/(Loss)	45,244	409,879
EBITDA	144,554	646,649
Profitability Ratios	1 January- 30 September 2022	1 January- 30 September 2023
Gross Profit Margin	37%	58%
Operating Profit Margin	17%	37%
Net Profit Margin	6%	25%
EBITDA Margin	20%	39%
Market Capitalization as of september 30th (TL thousand)	735,683	12,294,450

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.

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