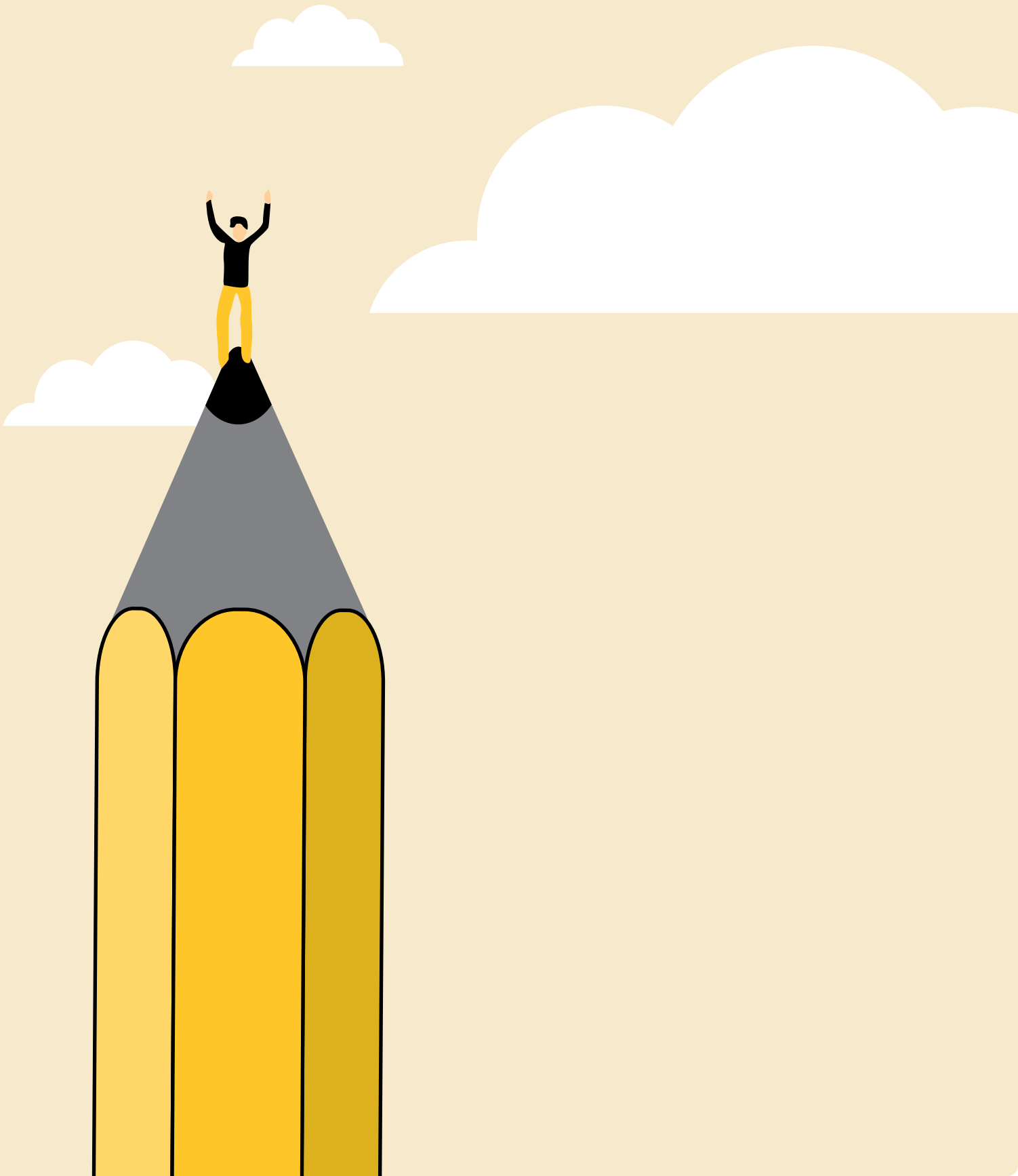




January - June 2023
Earnings Release

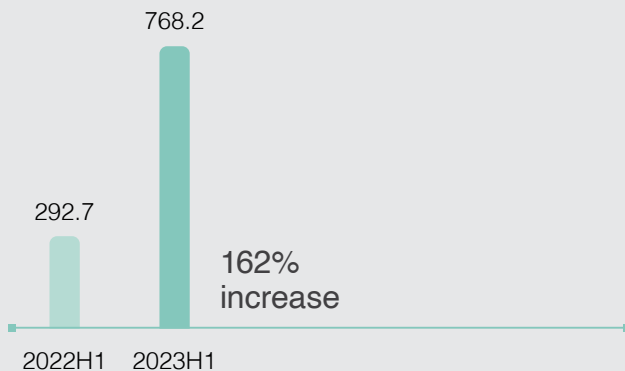


2023H1 Financial Performance

(TL thousand)	2022H1	2023H1	%
Net Sales	292,716	768,184	162%
Gross Profit	125,636	415,549	231%
EBITDA	56,510	270,810	379%
Net Profit/(Loss)	6,158	154,365	2407%
Net Working Capital	377,793	480,571	27%
Net Financial Debt	481,268	343,561	-29%
Free Cash Flow	-285,238	-113,965	-60%
Gross Profit Margin	%43	%54	
EBITDA Margin	%19	%35	

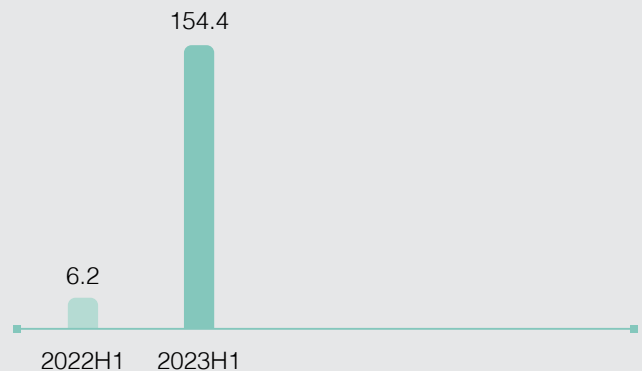
* All figures and tables in this report include the impact of IFRS 16.

Net Sales (TL million)



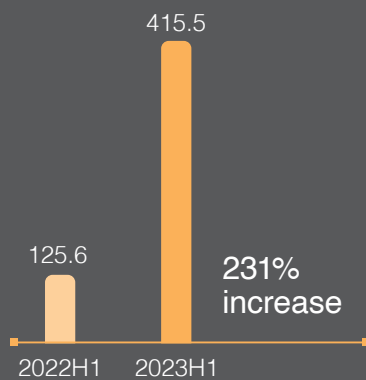
Net sales were up by 162% year-on-year and amounted to TL 768.2 million during the first six-month period of 2023. This was due to (1) better-than-expected performance of traditional-channel orders at the year's fairs and (2) increased momentum in modern channel sales compared to the previous year.

Net Profit (TL million)



While our net profit for the first six months of 2022 was TL 6.2 million, it surged to TL 154.4 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.

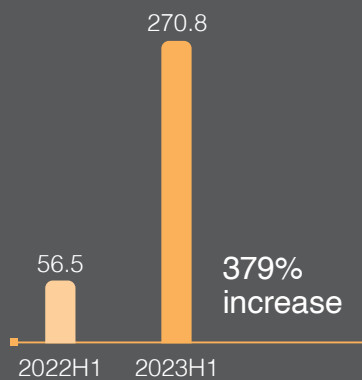
Gross Profit (TL million)



Gross Profit Margin



EBITDA (TL million)

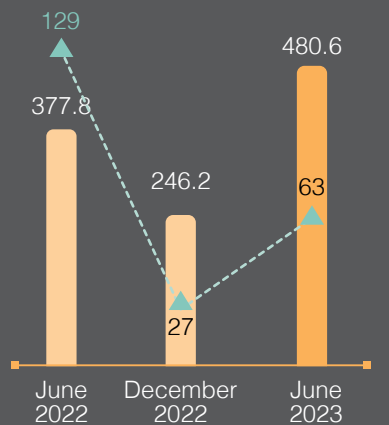


EBITDA Margin



Despite the prevailing domestic and global inflationary environments during the first half of 2023, our gross profit increased 3.3-fold compared to the same period of the previous year to TL 415.5 million. This is attributable to (1) effective cost management and (2) an effective pricing policy. Our gross profit margin also increased by 1,100 basis points to 54% compared to the same period of the previous year. Similarly, EBITDA increased approximately 5-fold compared to the same period of the previous year to TL 270.8 million while EBITDA margin increased by 1,600 basis points to 35%.

Net Working Capital (TL million)

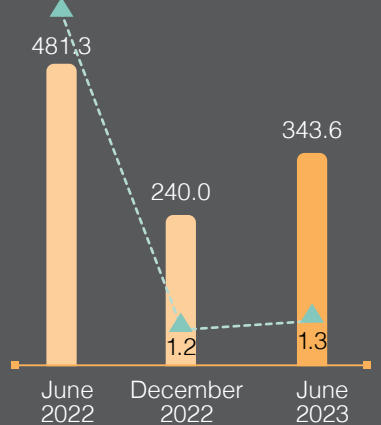


- Net Working Capital (TL million)
- Net Working Capital/Net Sales

As of the end of June 2023 our net working capital requirement was TL 480.6 million. Despite the surge in our net sales, our net working capital increased by only 27% 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 129% on 30 June 2022, decreased by more than half to 63% as of 30 June 2023.

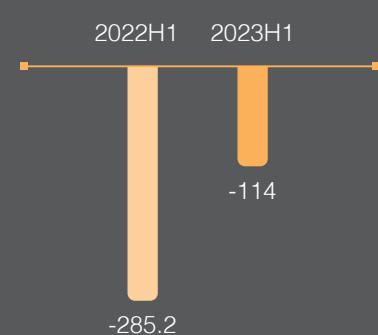
Net Financial Debt (TL million)



- Net Financial Debt (TL million)
- Net Financial Debt (TL million)/EBITDA

As of 30 June 2023, the company's net debt was TL 343.6 million, a decrease of 29% from the previous year. Excluding interest accruals, the actual decrease was 34%. The company's H1 net debt to EBITDA ratio fell from 8.5 in 2022 to 1.3 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 half of 2023 was TL -114 million, an improvement of TL 171 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 half 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

As a result of our very strong results in the first half of 2023 and the impetus they have imparted to our sales and profit margins, we have improved our previous outlook for our performance this year. The revised projections are as follows:

- Net sales: Growth in the 90% range
- EBITDA margin: 24% - 28%
- Gross profit margin: 50% - 55%
- Net debt/EBITDA ratio: < 1
- Generate positive free cashflow

Summary Balance Sheet

(TL thousand)	31.12.2022	30.06.2023
Cash and equivalents	292,369	216,708
Short-term financial investments	-	84,005
Trade receivables	56,428	355,650
Inventories	240,774	486,656
Other current assets	52,913	92,956
Current Assets	642,484	1,235,975
Financial investments	4	4
Other receivables	-	2,560
Tangible assets	108,365	114,746
Intangible assets	15,484	13,078
Other non-current assets	42,202	53,977
Non-Current Assets	166,055	184,365
Total Assets	808,539	1,420,340
Short term borrowings	486,890	411,759
Short term portion of long term borrowings	17,199	189,668
Trade payables	57,815	134,333
Other current liabilities	46,136	320,358
Current Liabilities	608,040	1,056,118
Long term borrowings	28,260	42,847
Long term provisions	37,938	30,004
Non-Current Liabilities	66,198	72,851
Equity	134,301	291,371
Total Liabilities & Equity	808,539	1,420,340

Summary Income Statement

(TL thousand)	1 January- 30 June 2022	1 January- 30 June 2023
Revenues	292,716	768,184
Cost of sales (-)	(167,080)	(352,635)
Gross Profit	125,636	415,549
Operating expenses (-)	(84,880)	(190,699)
Other Operating Income /Expense (net)	(3,956)	15,681
Operating Income	36,800	240,531
Income /(expense) from investment operations	(2)	(8)
Financial income/(expense)	(38,409)	(41,099)
Income/(Loss) Before Tax from Continuing Operations	(1,611)	199,424
Tax income/(expense)	7,769	(45,059)
Net Income/(Loss)	6,158	154,365
EBITDA	56,510	270,810
Profitability Ratios	1 January- 30 June 2022	1 January- 30 June 2023
Gross Profit Margin	43%	54%
Operating Profit Margin	13%	31%
Net Profit Margin	2%	20%
EBITDA Margin	19%	35%
Market Capitalization as of June 30 th (TL thousand)	577,395	4,169,813

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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