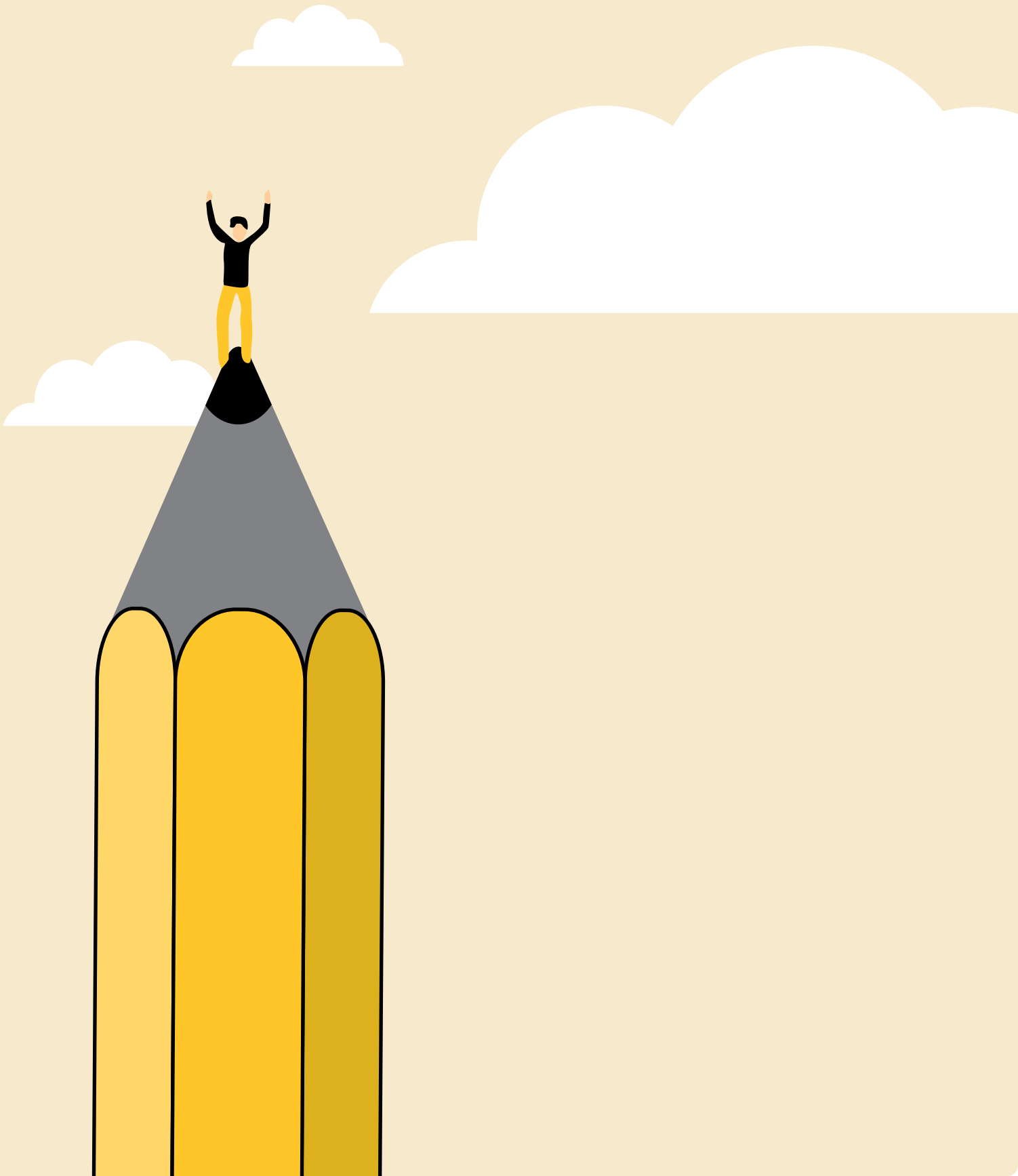




2023 1st Quarter
Earnings Release



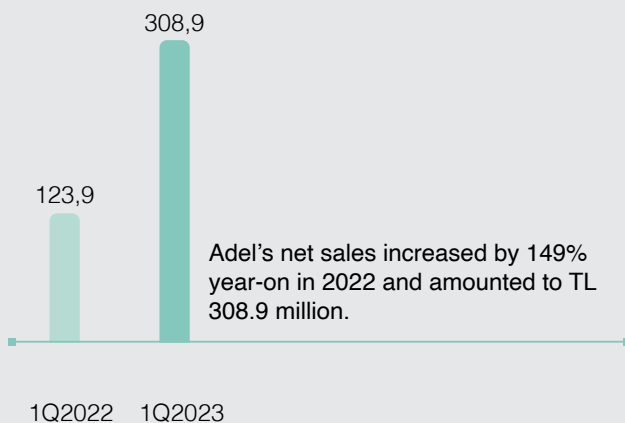
Assessment of Operational and Financial Results

Assessment of 2023 1st Quarter Financial Results

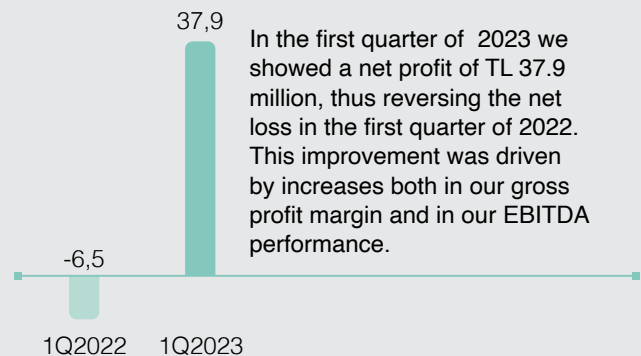
(TL thousand)	2022Q1	2023Q1	%
Net Sales	123,864	308,858	149%
Gross Profit	63,490	179,419	183%
EBITDA	25,388	105,369	315%
Net Profit/(Loss)	-6,455	37,905	n.m.
Net Working Capital	241,975	258,360	7%
Net Financial Debt *	217,219	199,244	-8%
Free Cash Flow	-45,268	-2,660	n.m.
Gross Profit Margin	51%	58%	
EBITDA Margin	20%	34%	

* Within the scope of TFRS16, right-of-use assets and financial lease liabilities are not included in total borrowings.

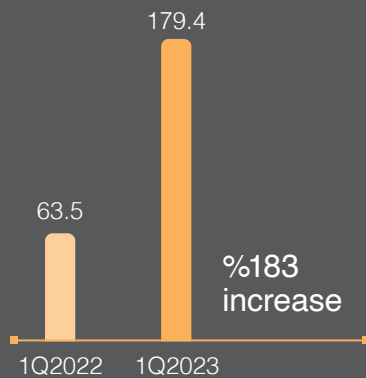
Net Sales (TL million)



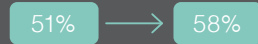
Net Profit (TL million)



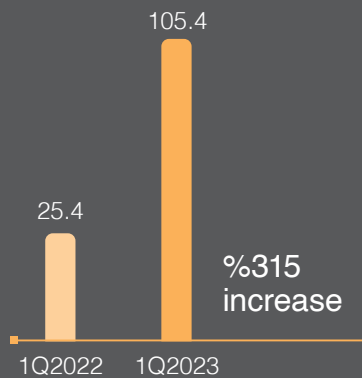
Gross Profit (TL million)



Gross Profit Margin, %



EBITDA (TL million)



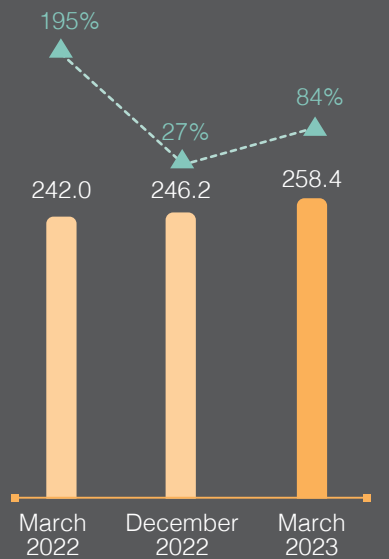
EBITDA Margin, %



Although like the rest of the world Turkey also continued to be plagued by inflation in the first quarter of 2023, our company's gross profit nearly tripled year-on and amounted to TL 179.4 million. This was on a gross profit margin of 58%, seven percentage points higher than what it had been in Q1 2022.

First-quarter 2023 EBITDA was more than four times that of Q1 2022 and weighed in at TL 105.4 million with an EBITDA margin of 34%.

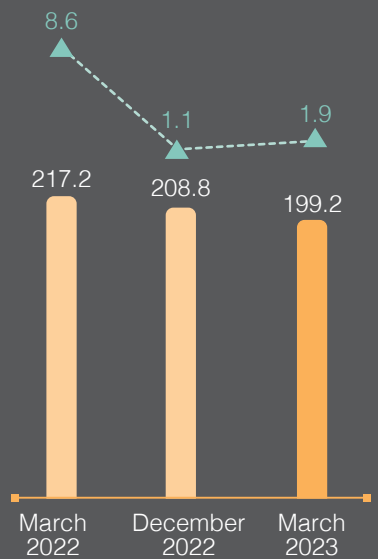
Net Working Capital (TL million)



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

As of the end of March 2023 our net working capital requirement was TL 258.4 million. The NWC requirement to net sales ratio, which was 195% at end-March 2022, was down to 84% as of end-March 2023. Despite the high increase in our sales and profitability, our NWC increased by 7% compared to the first quarter of 2022.

Net Financial Debt (TL million)

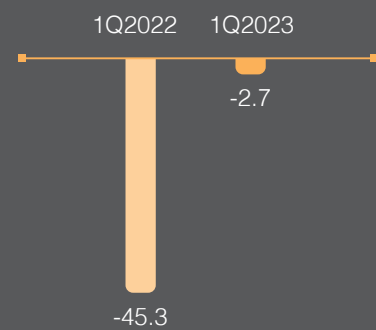


Net Financial Debt (TL million)
 Net Financial Debt (TL million)/EBITDA

As of 31 March 2023, the company's net debt was TL 199.2 million, a decrease of 8% from the previous year. Excluding interest accruals, the actual decrease was 16%.

The company's Q1 net debt to EBITDA ratio fell from 8.6 in 2022 to 1.9 in 2023. This was due to continued improvements in profitability and to effective balance sheet management.

Free Cash Flow (TL million)



As of 31 March 2023, our company had a negative free cash flow of TL 2.7 million.

Risks

Financial risks: Due to the need for significant amounts of operating capital 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 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 quarter 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 31 March 2023, the company had no currency risk exposure.

Credit risk: The company accepts postdated checks as a form of payment for orders placed by dealers during sales campaigns or trade fairs. When goods are shipped, most of these dealer checks are either transferred to the direct-debiting system or converted into customer checks. Remaining dealer credit risks are secured by collateral such as mortgages, credit card charges, and letters of guarantee. Due to its practice of doing business in this way, the company is therefore not exposed to significant credit risk. A great portion of its collateral risk is covered by DBS accounts.

2023 SECTORAL AND FINANCIAL OUTLOOK

The company's 2023 strategic business plan aims to achieve the following goals:

- Double-digit growth in net sales and EBITDA performance
- Achieve a gross profit margin higher than 2022's
- Manage the balance sheet proactively and generate positive free cashflow.

Summary Balance Sheet

(TL thousand)	31.12.2022	31.03.2023
Cash and equivalents	292,369	423,183
Short-term financial investments	-	50,260
Trade receivables	56,428	160,855
Inventories	240,774	360,425
Other current assets	52,913	81,508
Current Assets	642,484	1,076,231
Financial investments	4	4
Tangible assets	108,365	111,926
Intangible assets	15,484	14,481
Other non-current assets	42,202	51,338
Non-Current Assets	166,055	177,749
Total Assets	808,539	1,253,980
Short term borrowings	486,890	491,646
Short term portion of long term borrowings	17,199	177,520
Trade payables	57,815	110,594
Other current liabilities	46,136	233,834
Current Liabilities	608,040	1,013,594
Long term borrowings	28,260	40,526
Long term provisions	37,938	25,639
Non-Current Liabilities	66,198	66,165
Equity	134,301	174,221
Total Liabilities & Equity	808,539	1,253,980

Summary Income Statement

(TL thousand)	1 January- 31 March 2022	1 January- 31 March 2023
Revenues	123,864	308,858
Cost of sales (-)	(60,374)	(129,439)
Gross Profit	63,490	179,419
Operating expenses (-)	(42,248)	(90,446)
Other Operating Income /Expense (net)	(3,284)	(1,735)
Operating Income	17,958	87,238
Income /(expense) from investment operations	-	(121)
Financial income/(expense)	(20,389)	(30,076)
Income/(Loss) Before Tax from Continuing Operations	(2,431)	57,041
Tax income/(expense)	(4,024)	(19,136)
Net Income/(Loss)	(6,455)	37,905
EBITDA	25,388	105,369
Profitability Ratios	1 January- 31 March 2022	1 January- 31 March 2023
Gross Profit Margin	51%	58%
Operating Profit Margin	14%	28%
Net Profit Margin	-5%	12%
EBITDA Margin	20%	34%
Market Capitalization as of March 31 st (TL thousand)	647,325	2,409,750

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.

Information for Investors

Investor Relations Contact Information			
	Yasemen Güven Çayirezmez CFO	Pelin İslamoğlu Reporting and Investor Relations Manager	Fatih Çakıcı Accounting Manager
	Investor Relations Unit Manager	Investor Relations Unit Officer	Investor Relations Unit Officer
E	yasemen.cayirezmez@adel.com.tr	pelin.islamoglu@adel.com.tr	fatih.cakici@adel.com.tr
T	0 850 677 70 00	0 850 677 70 00	0 850 677 70 00
F	0 850 202 72 10	0 850 202 72 10	0 850 202 72 10

www.adel.com.tr

