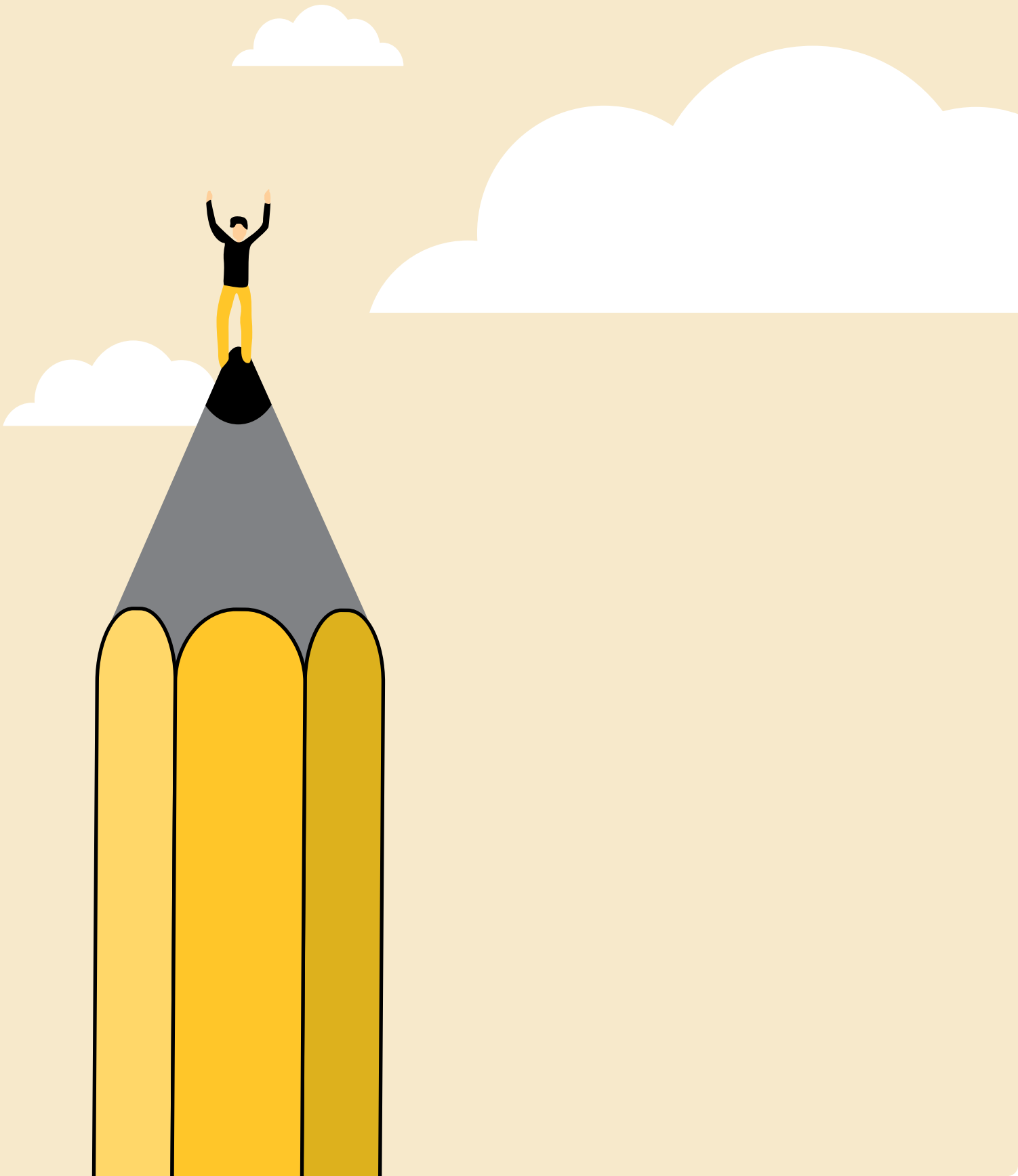




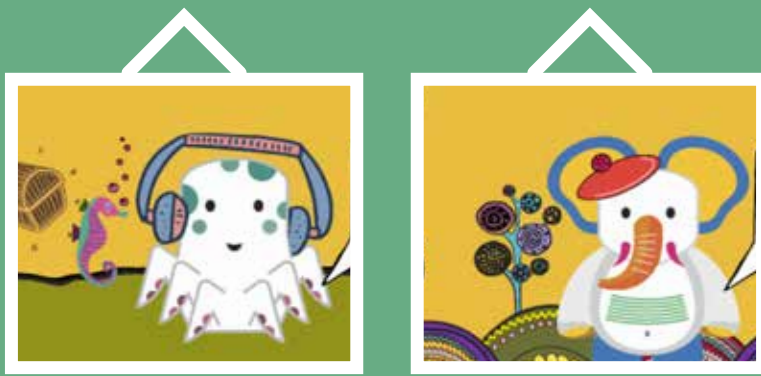
January-June 2023
Interim Annual
Report



More than a half-century of experience

Adel stands out in its
industry with over 50 years
of experience and strong
capabilities.





Adel Kalemcilik, a member of the Anadolu Group, started its journey in 1969 with the opening of its factory in İstanbul's Kartal township. It grew rapidly and became the number one choice of consumers with its high-quality, safe products. It ultimately evolved into the largest and most modern stationery and office supplies manufacturer in Turkey.



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Adel in Brief

THE BIGGEST

Adel's manufacturing plant is the industry's biggest not just in Turkey but also in the region.



Turkey's premier stationery manufacturer

In 1969 Adel Kalemcilik opened its factory in İstanbul's Kartal township, embarking on a journey that would see it become Turkey's most respected stationery brand and the first name in stationery that comes to mind. Earning the trust of consumers with high-quality, reliable products, Adel today is the country's biggest and most modern stationery manufacturer and continues to grow strongly as a member of Anadolu Group.

Having collaborated with the world's oldest manufacturer of wood-cased pencils Faber-Castell since 1969, in 1995 the two companies strengthened their relationship through a partnership whose investments continue to create added value for Turkey.

Since 2015, Adel has been conducting its manufacturing operations at a 36,000 m² plant

in Çayırova that is the industry's biggest not just in Turkey but also in the region. Adel's R&D Center, which became operational in 2019, enhances the company's product innovation and development capabilities, which in turn supports its production competencies.

Backed by half a century of operational experience, Adel Kalemcilik also manages an extensive portfolio of high-quality stationery products made by such well-known brands as Faber-Castell, Graf von Faber-Castell, Adel, Atlas, Max, Panfix, and Citizen. It also markets and sells a range of toys manufactured under licensing agreements with some of the world's leading toymakers such as Playgro and Sluban.

Readily responding to home market demand as a result of its high production capacity and diverse offerings, Adel also exports goods to more than forty countries. Some of the Faber-

Castel branded products that it makes are likewise exported to a number of countries.

Adel is a prominent and effective representative of Turkey's stationery manufacturing industry in a number of national and international trade associations. The company has been a member of the European Pencil Manufacturer's Association (EPMA) and of the European Writing Instrument Manufacturer's Association (EWIMA) since 1999. It is the only Turkish company to be a member of both. Adel is a member of the TÜKİD trade association of domestic stationery manufacturers in its home market.

Having played an important role in the development of successive generations, Adel's vision, responsible production practices, innovation, and product portfolio all position it as a leader in the stationery industry's future.

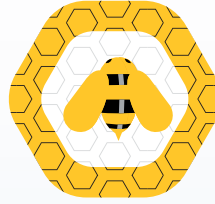
Vision

To be part of the life of everyone who wants to shape, colorful of their own dreams and leave a mark in future

Mission

To be an international company that supplies high-quality, innovative products and services, is socially and environmentally responsible, and is ethical in its behavior.





Leave a Mark



with Quality

LEAVE A MARK



with Inventiveness

LEAVE A MARK



with Goodness

LEAVE A MARK



with Passion for Success

LEAVE A MARK

Values

Quality

Effectiveness, Reliability, Performance

Innovation

Forward-looking, Open to change and development, Technologically adept, Creative, Pioneering, Venturesome, Inquisitive

Goodness

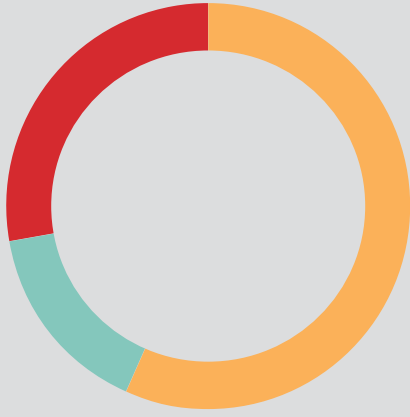
Sensitive, Thoughtful, Responsible, Fair, Promotes professional & personal development

Success

Self-motivating, Competitive, Ever-improving, Results-focused, Collaborative, Knowledge-sharing, Initiative-taking, Accountable



Shareholder Structure



- **56.89%** AG Anadolu Grubu Holding A.Ş.
- **15.40%** Faber-Castell Aktiengesellschaft
- **27.71%** Publicly-held shares

The company had a total capital of 23,625,000 Turkish liras as of 31 December 2022. This capital was divided into 23,625,000 shares, each with a par value of TL 1.00. Of these shares, 3,637,941 were registered in the name of their owners while the remaining 19,987,059 were bearer instruments. The registered shares are required by Turkish foreign-investment regulations.

The following table lists the personal or trade names of shareholders that own more than 10% of the company's capital, the number of shares they own, and the percentage of their ownership.

| Shareholder | Share | Share ratio % |
|----------------------------------|------------|---------------|
| AG Anadolu Grubu Holding A.Ş. | 13,439,211 | 56.89 |
| Faber-Castell Aktiengesellschaft | 3,637,941 | 15.40 |
| Publicly-held shares | 6,547,848 | 27.71 |



About Anadolu Group

Anadolu Group operates with the vision of being “The star that links Anatolia to the world and the world to Anatolia” and maintains its activities in 7 sectors (beer, soft drink, retail, agriculture, automotive, stationery and energy) and in 19 countries with approximately 80 companies, 86 production facilities, 6 R&D centers and more than 80,000 employees. The Group, which was founded by Yazıcı and Özilhan families in 1950, is a driving force of Turkish economy with its financial assets, its strong production capacity and the projects it is involved with. It acts in accordance with its mission of being a multinational and entrepreneurial group through its partnerships with leading brands and companies of the world such as AB InBev, The Coca-Cola Company, Faber-Castell, Isuzu, Kia, Honda, Honda Marine, Kohler, Johns Hopkins Medicine. With assets worth TRY 182.2 billion in value in 2022, the Group booked a total turnover of TRY 178.0 billion on its operations.

Anadolu Group manages its environmental, social and corporate governance activities in the strategic areas “future” of Nature, Business and People, with the sustainability strategy “From Anadolu to the Future”. Within the context of its social responsibility, the Group is involved in several areas like agriculture, education, health, sports, culture, arts and tourism and also contributes to the society through its social organizations; Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

Anadolu Group strives to produce value in sustainable manner and consistently achieves a rapid and healthy growth through its commitment to a culture of partnership with global brands and international companies, its expertise in branded consumer products, its experience and strength as regional player in a broad geography and its understanding of strong corporate governance.

The shares of six members of Anadolu Group (including Anadolu Holding) are traded on Borsa İstanbul.

About Faber-Castell

Faber-Castell is one of the most environmentally friendly companies in the world because it uses wood, a renewable resource, to make its pencils. The company is also committed to protecting and replanting forests, including the Amazon rainforest, which is considered the lungs of the world and plays a vital role in preventing global warming. In addition, by cultivating more than two million trees a year in its own nurseries, Faber-Castell maintains a 10-year production cycle that ensures the sustainability of its supply of wood while also helping to protect the environment.

With more than 250 years of experience in business, Faber-Castell is a global brand that successfully blends tradition with the future and experience with innovation. A leading name in its sector with a proven track record of quality and continuity, Faber-Castell is committed to remaining a lifelong friend of consumers in the future as well.

Direct or Indirect Subsidiaries & Shareholding Interests

The company controls stakes of 7.67% (historical cost: TL 3,833.36) in Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. in Turkey and of 50% (RUB 211,500,000) in Moscow-headquartered LLC Faber-Castell Anadolu in the Russian Federation. Neither is currently operational.

CEO's Message



Adel is now an approved UNICEF global supplier

Our recent inclusion in UNICEF's list of approved suppliers not only confirms our competencies but also opens up new avenues of growth for us to explore as we look forward and plan for the future.

Our operational and financial performance continues to be excellent and successful.

We made a very good start to the year in line with a business plan that took into account both macroeconomic parameters and our assessment of the potential impact of the disastrous February earthquakes on our business strategies and operations. Bolstered by a tradeshow season in which we exceeded all of our targets, we continued to register successful financial results throughout the first six months, even in the face of high inflation and soaring exchange rates.

Our H1 2023 financials indicate that we have taken our strong performance to new heights. Compared to the same period of the previous year, our six-month net sales increased by 162% to TL 768.2 million while our gross

profit grew by 231% to TL 416 million. Our gross profit margin expanded by 1,100 basis points to 54% and our EBITDA margin increased by 1,600 basis points to 35%. In parallel with these gross profit margin and EBITDA improvements, our January-June net profit increased from TL 6.2 million in 2022 to TL 154.4 million in 2023. As a result of all these positive developments, our net debt to EBITDA ratio, which was 8.5 at midyear 2022, was down to 1.3 as of June 30, 2023.

We will continue to support to those affected by the February earthquakes

As we continue to build on our strong sense of social solidarity, both our own company and Anadolu Group as a whole are undertaking support projects focusing especially on children and business partners in stricken

areas. While donating writing materials and school supplies to needy children affected by a disaster that saddened our entire nation, we also moved quickly to support Adel Kalemcilik dealers and retailers who suffered losses as well.

In the first quarter of this year, we rescheduled all sales and marketing operations in earthquake-affected areas to later dates. We resumed our sectoral gatherings in March and continued to hold them for the rest of the quarter, meeting with Adel Kalemcilik dealers and retailers in Elazığ, Diyarbakır, Gaziantep, and Adana.

As the year progresses we will also continue our efforts to reach out not just to our own dealers but also to children and everyone else in impacted areas.

Adel is now an approved UNICEF global supplier

Thanks to our market dominance, experience and foresightful financial management, we achieved successful performance results in H1 2023 despite cyclical headwinds. We continued to adhere to our prudent financing approach of not compromising operational profitability or positive cash flow. While satisfying consumer expectations, our high-quality product portfolio and strong production capabilities provide a solid foundation for our sustainable growth, while also driving new successes and undertakings.

Our recent inclusion in UNICEF's list of approved suppliers not only confirms our competencies but also opens up new avenues of growth for us to explore as we look forward and plan for the future. Representatives from UNICEF's Copenhagen headquarters have visited Adel's factory and offices and conducted a thoroughgoing review of the company's operational, financial, and quality standards. The results of that review are exciting for the future because we have been designated an approved UNICEF global supplier and received our first trial order. The potential

dimensions of our relationship with UNICEF are shown by the fact that the total value of all the prepackaged educational kits which that agency shipped throughout the world in 2022 was more than USD 134 million.

All for a better future for all

Fully integrated into its deep-rooted corporate culture and values, Adel Kalemcilik's sustainability approach is based on the dual principles of producing responsibly and contributing to environmental and social wellbeing for the sake of a better future for all. We are also continuing our efforts to ensure that the same awareness permeates our entire value chain.

We continue to conduct a variety of socially-beneficial projects under our Goodness Tree social responsibility umbrella but give particular priority to two United Nations 2030 Sustainable Development Goals: Quality Education (Goal 4) and Climate Action (Goal 13).

In line with this, in the first half of 2023 we provided educational and school supplies to more than 15 thousand needy children in areas impacted by the February earthquakes.

Similarly we are not indifferent to steps being taken to accelerate

towards a carbon-free economy on a global scale and we are working to reduce our own emissions.

As part of this, we have calculated our 2021 carbon footprint and plan to publish, before the end of this year, a sustainability report that will include carbon footprint information.

Unchanging objective: Healthy, profitable growth

We expect the inflationary pressures that affected our activities in the first half of 2023 will continue in the second. Our main shields against adverse conditions are disciplined financial management and effective risk management. We expect our sales and EBITDA performance to continue to rise for the rest of the year and to achieve even stronger growth and financial results.

In closing, I would like to thank our employees, business partners, shareholders, investors, and all our other stakeholders for their contributions towards continuously raising the bar of our success.

Very truly yours,

Ahmet Oğuz UÇANLAR
CEO

Management and Organizational Structure

The current members of the Adel Kalemcilik Board of Directors were elected for one-year terms at the 13 April 2023 general meeting during which the company's 2022 results were also discussed. They will remain in office until the first annual meeting is convened to discuss the company's 2023 results. The duties and authorities of the Board of Directors are as set forth in the Turkish Commercial Code.

| Board of Directors | Position |
|---|--------------------------|
| Tuncay Özilhan | Chairman |
| Kamilhan Süleyman Yazıcı | Vice Chairman |
| Tuğban İzzet Aksoy | Board Member |
| Efe Yazıcı | Board Member |
| Mehmet Hurşit Zorlu | Board Member |
| Recep Yılmaz Argüden | Board Member |
| İbrahim Tamer Haşimoğlu | Board Member |
| Charles Alexander Von Faber-Castell (*) | Board Member |
| İzzet Karaca | Independent Board Member |
| Tayfun Bayazıt | Independent Board Member |
| Ali Galip Yorgancıoğlu | Independent Board Member |
| Mehmet Ercan Kumcu | Independent Board Member |

(*) The Adel Kalemcilik Board of Directors has unanimously voted to appoint Stephan Leo Rosen as a member of the board to replace Charles Alexander Von Faber-Castell, who resigned effective 26 July 2023. Mr Rosen's appointment will be submitted for the approval of the very next general meeting as required by the provisions of article 363 of the Turkish Commercial Code.

Committees Established under the Board of Directors

| Audit Committee | Corporate Governance Committee | Early Detection of Risk Committee |
|--------------------------------|----------------------------------|-----------------------------------|
| Mehmet Ercan Kumcu -Chairman | Mehmet Ercan Kumcu - Chairman | Ali Galip Yorganciođlu - Chairman |
| Ali Galip Yorganciođlu -Member | Mehmet Hurřit Zorlu - Member | Tuđban İzzet Aksoy - Member |
| | İbrahim Tamer Hařımođlu - Member | İzzet Karaca - Member |
| | Recep Yılmaz Argüden - Member | |
| | Fatih Çakıcı - Member | |

Senior Management

| | |
|--------------------------|---|
| Ahmet Ođuz Uçanlar | CEO |
| Yasemen Güven Çayirezmez | CFO |
| Tamer Ünsal | Sales Director |
| Nazlı Ercilli Soylu | Marketing Director |
| Salih Emre Kavukçuođlu | Human Resources and Quality Director |
| Zülfü Tunç | Supply Director |
| Serhat Kara | Operations Director |
| Ali Anıl Atal | Business Development and Innovation Director |
| Mehmet Erdemli | Information Technologies and Services Manager |

Financial benefits given to senior executives

The company's senior executives are the President of the Agriculture, Energy & Industry Group and the General Manager and all managers who report directly to the CEO. During January-June 2023, the total value of all benefits provided to senior executives was TL 13,563 thousand.

Adel's Position in the Sector



With 100% and 97% recognizabilities respectively the Faber-Castel and Adel brands are the stationery industry's leading players.



The stability and growth potential of Turkey's stationery market are ensured both by the country's youthful demographics and by an educational system in which some 26 million students ranging from preschool to post-graduate are enrolled. Office supplies were once used primarily in businesses but demand for them is increasingly coming from households, where they have become a necessity in a post-pandemic work-from-home world. In addition, more and more consumers are opting for ecofriendly products as people everywhere become more environmentally conscious.

With numerous players, many of whom are global actors, and import-heavy, Turkey's stationery market is an intensely competitive one. Adel however leads the market thanks both to its production capabilities and to the knowledge and experience of more than half a century in business. The company's chief advantages are high domestic production capacity, reputation as the most-preferred consumer brand, product quality and

reliability, distribution efficiencies, and financial strength.

Adel's social responsibility management system, which is required for exporting goods to EU countries and which has been certified as effective by Amfori Business Social Compliance Initiative (BSCI), gives the company an additional competitive advantage.

Making the best use of the growth opportunities offered by the market, Adel sets itself apart from its competitors by focusing on sustainability and product safety throughout the production cycle. This is done out of a sense of responsibility to the large audience it serves.

Consumer market research* results show that Adel is the sector leader by a wide margin. Its own Adel brand is recognized by 97% of consumers and Adel branded products have been used at least once by 74% of them. This market penetration is surpassed only by the company's Faber-Castell brand, which is recognized by 100% of consumers and used by 97% of them.

Product safety and quality

Product safety and quality are what set Adel apart from its competitors.

*Ipsos Brand Health Tracking 2021 survey.

Assessment of Operational and Financial Results



Adel completed the first half of 2023 with a successful performance that was in line with its goals.



Adel is distinguished by its production and brand strengths.

A leader of its sector with strong production capacity and technological know-how, new products and solutions that Adel develops at its R&D center help keep the company ahead of its competitors.

Constantly innovating, Adel introduces 250 or so new products every year. It also invests in R&D in its ongoing efforts to improve its materials and manufacturing processes in ways that are both economically and environmentally sustainable. Patent-awarded machinery designed and developed by Adel

itself sharpen the company's competitive edge in the market.

Adel is a leading manufacturer of a wide range of stationery and art supplies including wood-cased pencils, paint and copy pens, ballpoint pens, rollerball pens, felt-tip markers and pens, crayons, watercolors, erasers, pencil sharpeners, finger paints, playdough, and gouache paints. Adel's products are known for their high quality, durability, and affordability.

In addition to its own products, Adel also markets and sells nearly 4,000 products made by the world's leading stationery and toy manufacturers.

R&D and manufacturing competencies

Adel's R&D and manufacturing expertise is evident in its nearly 1,000 product offerings.

Assessment of Operational and Financial Results

Adel conducts its operations within the framework of the following certifications:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- BSCI Business Social Compliance
- Zero Waste

Product safety and management systems are in place at every stage of Adel's production operations.

Adhering to a responsible production approach and making product safety central to its production processes, Adel has 10 thousand product-safety and 30 thousand product-quality tests conducted every year on average in fulfillment of its "We will never sell anything that we wouldn't let our own kids use" promise.

Adel is committed to producing high-quality products that touch people's lives, shape their dreams, and have a positive impact on the future. Heedful of complying with all management system standards in the conduct all of its operations, Adel therefore sets compliance targets and devotes resources to their fulfillment, ensures that all employees are made aware of standards and of the necessity of owning and complying with them, and strives to constantly improve and develop process performance.

Adel completed the first half of 2023 with a successful performance.

After a successful tradeshow season, Adel Kalemcilik added to its growth momentum in Q2 2023 and continued to improve both its sales and its profitability performance.

We suspended all tradeshow events in impacted areas in the immediate aftermath of the earthquake. We resumed them in March and continued to organize sectoral gatherings with Adel Kalemcilik stationery dealers and retailers in Elazığ, Diyarbakır, Gaziantep, and Adana.

In the first half of 2023, Adel Kalemcilik was included in UNICEF's approved suppliers list after satisfying all the requirements to be a UNICEF Global Supplier. This inclusion will lead to the signing of a 24-month contract under which Adel will be producing prepackaged educational kits for sale to UNICEF.



Adel's business is cyclical in nature.

The dynamics of the stationery industry in Turkey are cyclical, with peak demand being determined by school openings and closures and by dealer and retailer stock replenishments. Customers typically place orders for the current year during its first quarter. These orders are manufactured as required and shipped during the second

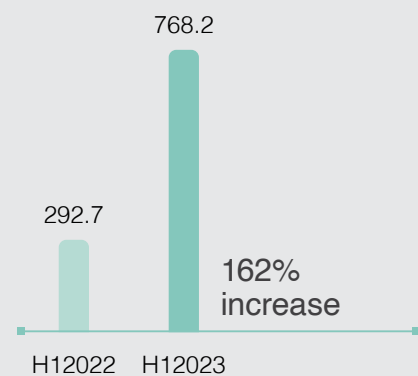
Sales

A comparison of Adel's H1 2022 and H1 2023 net sales broken down by product category is as follows:

| Net Sales (TL thousand) | January-June 2022 | January- June 2023 | Change (%) |
|-------------------------|-------------------|--------------------|------------|
| Domestic sales | 260,732 | 722,337 | 177 |
| International sales | 31,984 | 45,847 | 43 |
| Total | 292,716 | 768,184 | 162 |



Net Sales (TL million)



quarter to ensure that there are sufficient stocks of products available to meet the surge in consumer demand in the third quarter when schools reopen.

Each year, Adel accepts orders for goods from retailers attending first-quarter trade fairs. Depending on their nature, these goods may be manufactured by Adel itself or imported. The company requires customers to provide a bond or other form of

collateral sufficient to cover the value of their orders; the orders themselves are shipped by the end of the third quarter.

Owing to the cyclical nature of its business therefore, the company's net debt and net operating capital requirements typically peak at the end of the third quarter. Towards the end of the year however, both return to normal levels.

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.

Assessment of Operational and Financial Results

2023H1 Financial Performance

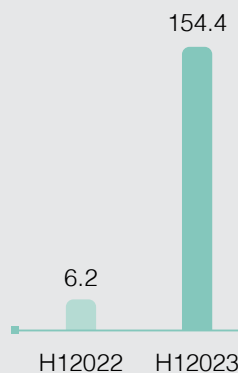
| (TL thousand) | 2022H1 | 2023H1 | % |
|---------------------|----------|----------|-------|
| Net Sales | 292,716 | 768,184 | 162% |
| Gross Profit | 125,636 | 415,549 | 231% |
| EBITDA | 56,510 | 270,810 | 379% |
| Net Profit/(Loss) | 6,158 | 154,365 | 2407% |
| Net Working Capital | 377,793 | 480,571 | 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.

**strong
performance**

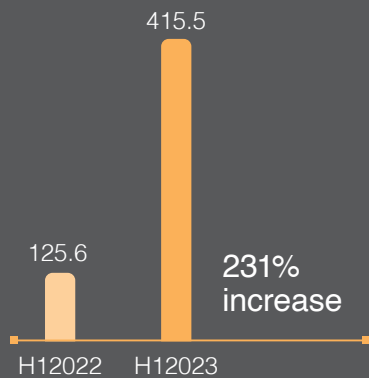
Adel Kalemcilik added to its growth momentum in Q2 2023 and continued to improve both its sales and its profitability performance.

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.

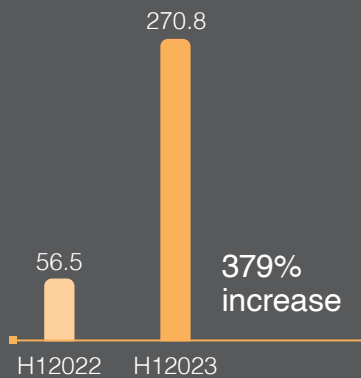
Gross Profit (TL million)



Gross Profit Margin, %



EBITDA (TL million)

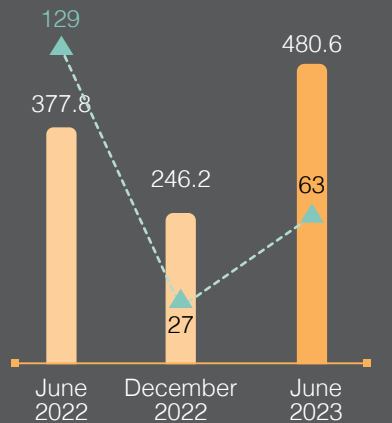


EBITDA Margin, %



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)

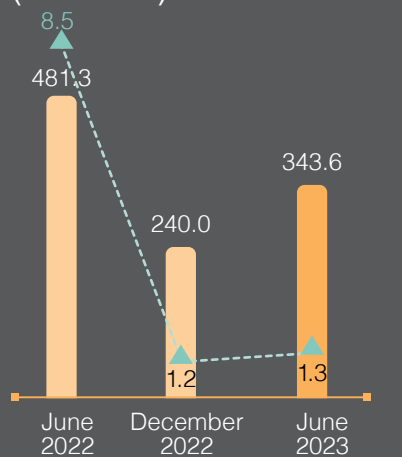


Net Working Capital (TL million)
 Net Working Capital/Net Sales (%)

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)

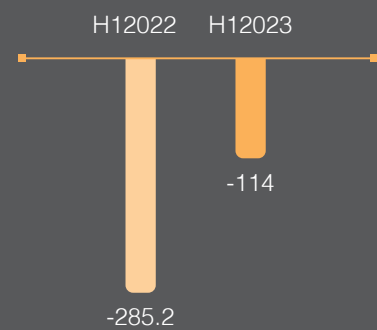


Net Financial Debt (TL million)
 Net Financial Debt/Net Sales (%)

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 30th (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 Kalemciilik's actual results are subject to future events and uncertainties that may significantly affect the company's performance.

Employee Compensation and Benefits

As of 30 June 2023, Adel had an average of 402 employees on its payroll. Of these, 167 were white-collar employees and 235 were blue-collar employees.

The provision set aside to cover employees' severance pay entitlements decreased by TL 11,294 thousand during the first half of 2023. This brought the total amount in the provision to TL 26,644 thousand.

A total of TL 121,443 thousand was paid to employees as salaries, wages, bonuses, and other benefits during the first half of 2023.

Charitable Donations & Assistance

Our company donated a total of TL 1,028,000 during the first six months of 2023.

What Are We Doing for the Future of Our Planet?



Adel has adopted a sustainability-management approach that aims to eliminate its social, environmental, economic and governance risks.

Since its inception, Adel has been committed to creating value and social benefit for all of its stakeholders through its operations. Adel's Goodness Tree program contributes to environmental and social sustainability by supporting the United Nations' quality-education and climate-action Sustainable Development Goals. The company undertakes a variety of sponsorship and social responsibility projects that align with its own core corporate value of "goodness."

Aspiring to be a company that is consulted on education-related issues, in 2012 Adel partnered with the Teachers Academy Foundation (ÖRAV) to support quality education and contribute to social progress and the good upbringing of future generations. Two of the most outstanding of these are:

- "Creative Child = Creative Mind", a workshop program

that helps teachers discover their own creativity and provides them with the skills and resources they need to foster creativity in their students.

- "Teachers Who Change Lives", an online platform that connects teachers with new educational models and resources and empowers them to teach more creatively and engagingly.

Recognizing the devastating impact of the Covid-19 pandemic on teaching and learning, Adel devoted even more attention to the critically important preschool period. In 2021 Adel launched 1500Kelime.com, a website that provides resources that support vocabulary acquisition and use in children, which in turn supports their intellectual development before they start school and thus readies them for a brighter future. A study of the 1500Kelime.com's impact found that 95% of teachers who accessed it said they would recommend the resource to others. In 2022, the website was honored with eleven national and international awards

from highly respected educational institutions.

In another bid to support quality education in Turkey through its Goodness Tree corporate social responsibility program, Adel has been collaborating with various NPOs to distribute school supplies to children in need since 2016. To date, hundreds of thousands of schoolchildren have benefited from the learning and teaching resources made available to them through Goodness Tree.

In the first half of 2023 we provided educational and school supplies to more than 15 thousand needy children in areas affected by the February earthquakes.

Adel is committed to environmental awareness and responsibility as a key objective of its corporate mission. To achieve that objective, the company develops policies, systems, and processes that focus on environmental protection and climate change



We continue to come to the aid of earthquake-impacted areas

In the first half of 2023 we provided educational and school supplies to more than 15 thousand needy children in areas affected by the February earthquakes.

mitigation. Adel sets itself various targets to systematically manage fundamental environmental and climate-related issues such as energy; greenhouse gas emissions and air pollution; water, sewage, and waste management; biodiversity conservation; and materials use. It also strives to constantly improve its performance in addressing these issues.

Adel also attaches importance and allocates resources to social gender equality issues (SDG 5). Women make up about 30% of its workforce, which is well above

average in its sector. As a result of its having complied with workforce gender-equality criteria defined by İŞ Asset Management and the Center for Gender Studies at Koç University, Adel's publicly-traded shares are quoted in the İstanbul stock exchange's ISKDN index of companies that actively recruit women into their workforce and empower them to have more say in management.

Adel, a manufacturer of durable, ergonomic Faber-Castell branded products beloved by

successive generations, has introduced its "Anatolian Heritage" line of pencils. These pencils promote environmental and biodiversity awareness among schoolchildren. The wooden casings of these pencils are decorated with drawings of Anatolian wildlife species that are threatened or endangered such as the reed cat (*Felis chaus*), the Anatolian mountain crane (*Grus grus archibaldii*), the loggerhead turtle (*Caretta caretta*), and the Anatolian ground squirrel (*Spermophilus xanthopyrmnus*).

Adel contributes to the realization of SDG 13 Climate Action and invests in the future by:

- Planting trees through the Goodness Tree Afforestation project that it launched to mark the 100th observance of Turkey's April 23 National Sovereignty and Children's Day. This project helps to expand woodlands and ensure that they are passed on to future generations.
- Using rainwater to water the grounds around its manufacturing plant and using wood shavings and sawdust from its pencil-manufacturing operations as a renewable fuel for generating half the electricity needed by the plant. This helps conserve water resources and supports the circular economy.
- Using only wood harvested from trees certified by the Forest Stewardship Council (FSC) Chain of Custody as having been raised for industrial purposes in the manufacture of pencils. This helps conserve the world's forest resources and protects natural habitats.

Information for Investors

Adel Kalemcilik has been listed under the ticker symbol “ADEL” on the İstanbul stock exchange since 1996. 27.71% of the company’s shares are included in the BIST ALL SHARES, BIST 100, BIST INDUSTRIAL, BIST ISTANBUL indexes.

The Investor Relations Unit manages communication between the Board of Directors and shareholders. Its primary focus is to ensure the effective exercise of shareholder rights. The IRU’s duties include publishing material event disclosures as required by capital market regulations, publishing periodic informational announcements for the benefit of investors, managing the content of the company’s website, preparing annual reports, and responding to shareholders’ written and verbal requests for information.

The Adel Kalemcilik Corporate Governance Committee is responsible for overseeing the Investor Relations Department. The committee defines standards for all public disclosures and basic investor relations principles. It reviews these standards and principles, as well as compliance with them, on an annual basis. The committee makes recommendations concerning these matters to the Board of Directors as necessary. The Investor Relations Department prepares a report on its activities and submits it to the Corporate Governance Committee every time the committee convenes.

Credit Rating

JCR Eurasia Rating (JCR-ER) assigned Adel Kalemcilik a long-term national credit rating of “AA- (tr)” and a short-term national credit rating of “J1+ (tr)” on 29 August 2022. Both ratings have a “Stable” outlook.

| JCR Eurasia Rating (29 August 2022) | Note | Outlook |
|--|----------|----------|
| Long-Term National Credit Rating | AA- (tr) | Stable |
| Short-Term National Credit Rating | J1+(tr) | Stable |
| Long-Term International Foreign Currency Credit Rating | BB | Negative |
| Long-Term International Local Currency Credit Rating | BB | Negative |

| Investor Relations Contact Information | | |
|---|---|---|
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Dividend Policy

Adel Kalemcilik allocates profits and pays dividends in accordance with its articles of association, subject to the requirements of Turkish commercial, capital market, tax, and other applicable laws, regulations, and administrative provisions. It is the company's policy to distribute at least 50% of its distributable profit to shareholders in the form of cash dividends and/or bonus shares each year. Implementation of this policy however is subject to the need for investments and other funding to support the company's long-term growth and may therefore be modified or suspended in the event of extraordinary developments in economic conditions. The Board of Directors passes a dividend-recommendation resolution for each fiscal year and submits it to the General Assembly of Shareholders for their approval. The general assembly sets the date for the start of dividend distribution but that date must be before the end of the year in which it is set.

General Assembly of Shareholders

Adel Kalemcilik's general assembly of shareholders convened in ordinary session to discuss the company's 2022 results on Thursday 13 April 2023 at 14:00. The meeting was held at Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No: 58 Buyaka E Blok 34771 Tepeüstü Ümraniye İstanbul. The meeting was conducted under the supervision of trade ministry representative Ayten Kurşun pursuant to İstanbul Directorate of Trade letter E-90726394-431.03-00084536604 dated 12 April 2023.

The meeting's invitation and agenda containing all the information required by law and by the company's articles of association had previously been published in the 22 March 2023 10795 issue of Türkiye Ticaret Sicili Gazetesi, in the 22 March 2023 issue of Nasıl Bir Ekonomi?, a newspaper circulating in Turkey, and on the Public Disclosure Platform and the company's corporate website at www.adel.com.tr. Registered letters return receipt requested were also sent to registered shareholders from the Kocaeli Gebze Plastikçiler OSB branch of PTT on 22 March 2023 informing them of the meeting's date and agenda. All these announcements were made within the period of time prescribed by law.

The Adel Kalemcilik Board of Directors resolution of 20 March 2023 setting the general meeting's date and agenda was published as a material event disclosure on the Public Disclosure Platform and on the www.anadolugrubu.com.tr corporate website. An Annual General Meeting Information Document conforming to corporate governance principles was also published on the Public Disclosure Platform and the company's corporate website on 22 March 2023. Adel Kalemcilik's 2022 annual report was published on the Public Disclosure Platform and the company's corporate website on 28 February 2023. It was also made available for the inspection of shareholders at the company's headquarters as of the same date.

On the same day that the general meeting was announced, Adel Kalemcilik also published factually accurate information about the total number of shares in the company and their voting rights on its corporate website.

Information for Investors

As of the date on which the general meeting agenda was prepared, no shareholders had submitted any written requests to the Adel Kalemcilik Investor Relations Department about any issues that they wished to have included in the agenda; neither had the Capital Markets Board, or any other agency or organization with which the company interacts request that any item be placed on the agenda.

To facilitate shareholder participation in general meetings, a proxy voting authorization form and minutes of the five most recent annual general meetings are published on the Adel Kalemcilik corporate website.

Before the meeting, the designated presiding officer made all preparations and gathered all information needed to ensure that the meeting was conducted in accordance with the requirements of the Turkish Commercial Code and of applicable laws, regulations, and administrative provisions.

During the meeting, company officers responded to shareholders' questions about items on the agenda.

The finalized and approved minutes of the general meeting were published as a material event disclosure on the Public Disclosure Platform and the Adel Kalemcilik corporate website.

The following resolutions were passed by shareholders at Adel Kalemcilik's 13 April 2023 general meeting:

- A resolution approving the Adel Kalemcilik Board of Directors 2022 annual report and financial statements
- A resolution approving payment of a total of TL 18,002,250.00 in dividends beginning on 27 September 2023 in line with CMB regulations and the Board of Directors' recommendation
- A resolution appointing Tuncay Özilhan, Kamilhan Süleyman Yazıcı, Tuğban İzzet Aksoy, Efe Yazıcı, Mehmet Hurşit Zorlu, Recep Yılmaz Argüden, İbrahim Tamer Haşimoğlu, İzzet Karaca, Tayfun Bayazıt, Ali Galip Yorgancıoğlu, Mehmet Ercan Kumcu, and Charles Alexander Von Faber-Castell to one-year terms of office on the company's board of directors and authorizing them to serve in that capacity until an annual general meeting is convened to discuss the company's 2023 results.
- A resolution ratifying the appointment of PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent public accounting firm responsible for auditing the company's 2023 accounts and transactions.
- A resolution acknowledging that shareholders had been duly informed about the company's charitable donations in 2022 and about any income or other benefits that the company received on account of any guarantees, pledges, mortgages, or sureties that the company granted to any outside party during 2022.

Dividend payments

Adel Kalemcilik has been a consistent dividend payer since 2006.

At the company's annual general meeting held on 13 April 2023 to discuss the company's 2022 results, shareholders approved the payment of a total dividend in cash of TL 18,002,250 out of the company's unconsolidated net profit as determined in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards and as prescribed by CMB Communiqué II:41.1 concerning principles with which joint stock companies subject to the Capital Markets Law must comply. Shareholders who are resident taxpayers will receive a gross dividend of TL 0.762 (76.2% dividend) and a net (after-tax) dividend of TL 0.6858 (68.58% dividend) for each share of stock with a par value of TL 1.00 that they hold. Payments of these dividends will begin on 27 September 2023.

Ara Dönem Faaliyet Raporu Uygunluđu Hakkında Sınırlı Denetim Raporu



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