

Financial Result Bulletin

2022
3rd Quarter



Net profits increased by 132%



EBITDA increased by 142%



Revenue increased by 172%



Revenue based on USD increased by 39%



Real Tonnage Growth by 19%



Export reached to 15 times

2022 - 2021 / 9 Months Comparison

(TRY Million)	2022 9 Months	2021 9 Months
Revenue	1.081,5	397,1
Revenue Change	%172	-
EBITDA	203,6	84,2
EBITDA Change	%142	-
EBITDA Margin	%18,8	%21,2
Gross Profit	247,0	96,8
Gross Profit Change	%155	-
Gross Profit Margin	%22,8	%24,4
Net Profit	122,6	52,9
Net Profit Change	%132	-
Net Profit Margin	%11,3	%13,3

2022 Quarters Analysis

(TRY Million)	2022 3 rd Quarter	2022 2 nd Quarter	2022 1 st Quarter
Revenue	319,6	386,2	375,7
EBITDA	12,3	110,5	80,8
Gross Profit	23,7	130,7	92,5
Net Profit	3,7	67,4	51,5

1) 2022/3rd Quarter Assessment

Our sales prices are regressed depending on the decrease of steel and commodity prices in global scale, as well as the decrease of domestic demand and export markets. Although an increase is experienced in real sales quantity, when compared to the first 9 months of past year, the desired sales quantities are not reached and our financing costs have increased due to the increasing inventories and increasing trade receivables. In addition, our raw material purchasing prices and general company expenses have increased in the third quarter of 2022, due to the increasing energy costs and the other costs increase caused by the macroeconomic problems. As a result of this, profit and EBITDA amounts are decreased relatively specific to the third quarter, when compared to the previous two quarters of 2022.

The unfavourable circumstances experienced in 2022/3rd Quarter are detailed below:

Increase in financial expenses:

- A significant increase has occurred in inventory, sales ad sales financing needs, depending on the rapid growth of the company.
- The growth in the sales revenues causes an increase in the financing expenses due to the facts that the average debt collection period is 99 days and the average debt payment period is 30 days.
- Increasing the inventory amount to support the sales and also the growth of the procured raw material order advances has increased the trade receivables.

Macroeconomic Unfavourableness:

- The increasing effect of the global inflation in our country with regional justifications increased our all kinds of freight, transportation, personnel, marketing and other expenses.
- Our sales prices are revised downwards depending on the decrease in the steel and commodity prices. The sales campaigns, which were organized to decrease the increasing inventories, also pressured the prices downwards.
- While the increase in power prices has increased the costs of the finished products, this could not be reflected into the sales prices as desired.

Reduction in Steel Production & Demand:

- As of 2022/3rd Quarter, crude steel production in Turkey in the first 9 months of the year decreased by 9.3% compared to the same period of the previous year and became 27.3 million tons.
- Despite the contraction experienced in steel production and consumption, our Company got position in the direction of increasing the sales amounts, and expanded its market share by making price discounts. It is thought that a permanent growth in the numbers of customers and in the market share may be achieved in medium-long term, by receiving the yield of this policy, which is followed in 2022/3rd quarter.

2) Net profits increased by 132%

In the first 9 months of 2022, compared to the same period of 2021, our Company's Net Profit has increased by 132% from 52,9 TRY Million to 122,6 TRY Million. Thus, our Company's Net Profit approximately reached to 2,3 times in the first 9 months of 2022 compared to the same period of the previous year. In addition to this, a significant decline is experienced in the profitability and nominal Net profit amount, specific to the 3rd Quarter of 2022, when compared with the first 2 quarters of the same year. The justifications of this may be listed as the following:

a) A significant increase was experienced in personnel wages, transportation / freight expenses, power costs, sales / marketing expenses, rental expenses, and other general expenses depending on the high increase in inflation in our country, and these high increases of cost and expenses could not be reflected to the sales prices at the same rate.

b) A significant increase was occurred in financing expenses depending on the increase of the credit interests at the banks and other associated costs. Increasing financing costs could not be reflected into the sales prices at the desired level.

c) With the macroeconomic unfavourableness experienced in our country, a significant contraction was occurred in the prices of the steel and also in the demand for steel domestically. The raw steel production of Turkey has decreased 9.3% in the first 9 months of 2022, when compared with the same period of the past year. The reason of not experiencing any decrease in quantity, specific to our Company, is updating the sales prices competitively and revising them downwards.

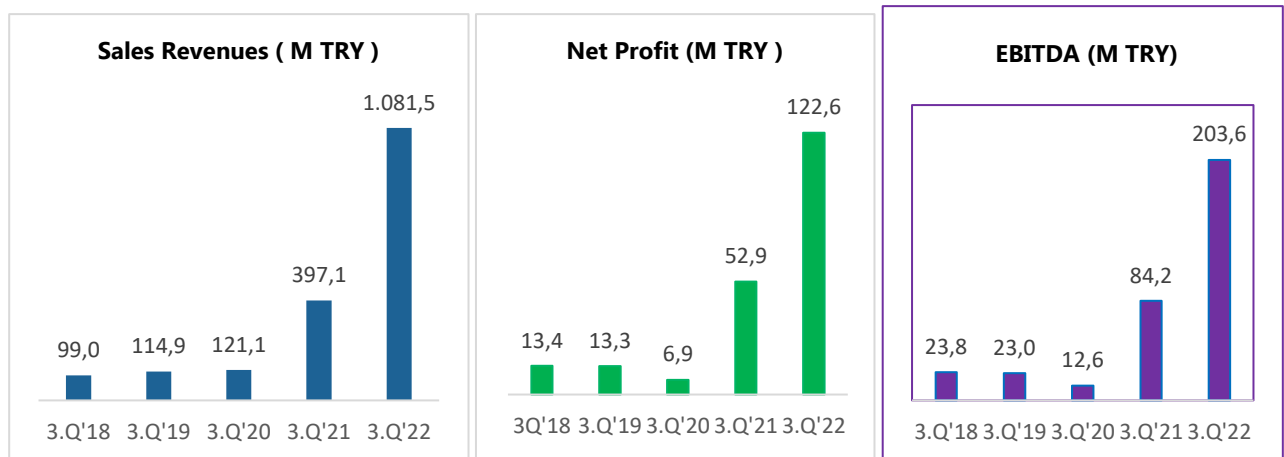
3) EBITDA increased by 142%

In the first 9 months of 2022, compared to the first 9 months of 2021, our Company's EBITDA has increased by 142% from 84,2 TRY Million to 203,6 TRY Million. Thus, our Company's EBITDA approximately reached to 2,4 times in the first 9 months of 2022.

EBITDA margin was 18,8% in the first 9 months of 2022, which was %21,2 in the first 9 months of 2021.

4) Revenue increased by 172%

In the first 9 months of 2022, compared to the first 9 months of 2021, our Company's revenue has increased by 172% from 397,1 TRY Million to 1,1 TRY Billion. Thus, our Company's revenue approximately reached to 2,7 times in the first 9 months of 2022.



5) Revenue based on USD increased by 39%

In the first 9 months of 2022, compared to the first 9 months of 2021, our Company's revenue in dollar basis, has increased by 39% from 49,0 Million USD to 68,1 Million USD. Thus, our Company's

revenue approximately reached to 1.4 times in the first 9 months of 2022 compared to the same period of the last year.

(*) Average USD selling rate in first 9 months of 2021: 8,1054TRY

(*) Average USD selling rate in first 9 months of 2022: 15,8908 TRY

6) Real Tonnage Growth by 19%

In the first 9 months of 2022, our sales volume rised in real terms with a 19% increase compared to the same period of last year. Our sales amount, which reached to approximately 44,855,183 kg from approximately 37,624,698 kg proves our Real Tonnage Growth. Real Tonnage Growth is crucial for our Company, regardless of commodity price and exchange rate movements.

7) Credit Insurance & Collection Management

Our Company has been working with EULER HERMES credit insurance for long years actively. In addition, our Company carries out secured sales system with DSS (Direct Debiting System) model in 10 different banks. In this scope no new doubtful debt was generated in the last 8 years period.

8) Potential Risks and Precautions

The macroeconomic problems experienced in our country have caused a contraction in the credit sources and a decrease in the eagerness of our customers to buy. This particularly was revealed significantly in the 3rd quarter of 2022. Decrease of the access of the customers, who do not have exportation commitment under the “credit tightening” policy applied by the public authorities within the scope of fighting against inflation, has decreased steel consumption of the companies, which produce for inland. In addition to this, VAT cut communique, which is put into practise in the steel sector, causes a contraction in the vendor channels and steel service center trade. It is concluded to act more cautiously in purchasing raw materials and commodities, considering the possibility of the increasing growth of the abovementioned decrease in the credit sources and the business loss caused by the VAT communique and at the same time the possibility of the general elections in 2023 to decrease our sales domestically. Although the Russia & Ukraine war did not affect our direct trade as the supplier or client, it indirectly affects our exportation negatively due to the slowdown in manufacturing industries and in company with in the steel consumption, due to the power crisis in Europe. The company management shall act decisively in taking the necessary measures against the abovementioned risks.

9) Growth in Export Activities

In the first 9 months of 2022, compared to the same period of 2021, our Company's export revenues increased 15 times from approximately 4.3 million TL to approximately 68,1 million TL. The share of our export sales in total sales has reached 6.03%.

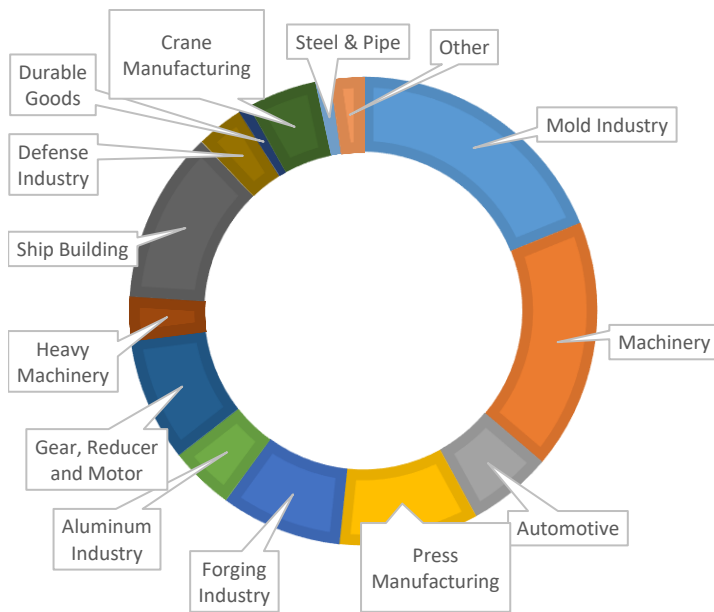
10) Completion of Investments and Capacity Increase

As of 09.07.2021, the IPO sources allocated for the investments mentioned in our Prospectus were totally utilized and a 300% capacity increase was achieved compared to 31.12.2019. As of end of the 2021, our 25,000 tons of steel processing capacity reached to 100,000 tons. In the last 3 years, due to our increased domestic market share and export activities growth, a new capacity increase

requirement has arisen. Therefore, our company aims to increase its steel processing capacity by 100% again to 200,000 tons, by the establishment Dilovası Steel Service Center and procure new machinery and equipment to Esenyurt and İzmir Steel Service Centers, in the scope of its new investment plans, which was announced in the last quarter of 2021. it. The aforementioned investments are planned to be completed in the 1st half of 2023 at the latest. Construction and investment processes are progressing in accordance with the planned schedule.

11) Sector, Product, Customer Breakdown

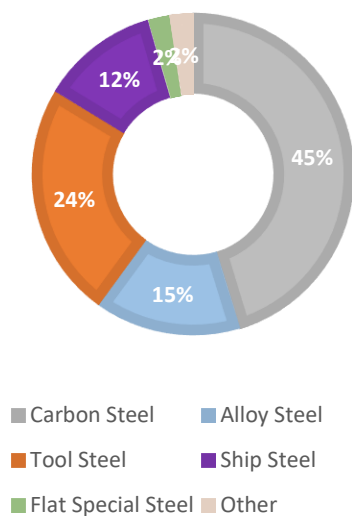
a) Sector Based Revenue Breakdown



Sector	Revenue Share
Mold Industry	18.9%
Machinery	17.3%
Ship Building	11.8%
Press Manufacturing	9.7%
Gear, Reducer and Motor	8.5%
Forging Industry	8.3%
Automotive	5.8%
Crane Manufacturing	4.8%
Aluminum Industry	4.4%
Defense Industry	3.3%
Heavy Machinery	3.0%
Other	2.3%
Steel & Pipe	1.1%
Durable Goods	0.8%

b) Product Group Based Revenue Breakdown

First 9 Months 2022 Product Based Revenue Breakdown



Product Group	Revenue Share
Carbon Steel	45.3%
Tool Steel	23.7%
Alloy Steel	14.7%
Ship Steel	11.8%
Flat Special Steel	2.2%
Other	2.3%
Total	100.0%

12)Overview of 2022 Year-end

Our 2022/Year-end sales revenues are likely to be between 1.2-1.5 Billion TL (in line with our previous PDP disclosures). There is no change in this assessment. 2022/4. Quarter-specific 2022/3. If the adverse events experienced in the quarter are partially reduced, it may be possible to reach the relatively more positive figures in the first two quarters of the year in nominal Net Profit and nominal EBITDA amounts.