

Financial Result Bulletin

**2022
Year-End**



Net Profit Increased 52%



EBITDA Increased 67%



Revenues Increased 2,2 Times (118% Increase)



USD-Based Revenues Increased 17%



4.6% Real Tonnage Growth



Export Increased 273%

2022-2021-2020 / Year-End Comparison

(TRY M)	2022 Year-End	2021 Year-End	2020 Year-End
Revenue	1,477.8	678.7	183.7
Revenue Change	118%	269%	-
EBITDA	268.1	160.2	25.4
EBITDA Change	67%	530%	-
<i>EBITDA Margin</i>	18.1%	23.6%	13.8%
Gross Profit	327.4	180.3	34.0
Gross Profit Change	82%	430%	-
<i>Gross Profit Margin</i>	22.2%	26.6%	18.5%
Net Profit	166.1	109.1	12.7
Net Profit Change	52%	759%	-
<i>Net Profit Margin</i>	11.2%	16.0%	6.9%

2022 Quarterly Data

(Milyon TL)	2022 4 th Quarter	2022 3 rd Quarter	2022 2 nd Quarter	2022 1 st Quarter
Revenues	396.2	319.6	386.2	375.7
EBITDA	64.5	12.3	110.5	80.8
Gross Profit	80.4	23.7	130.7	92.5
Net Profit	43.5	3.7	67.4	51.5

1) Net Profit Increased 52%

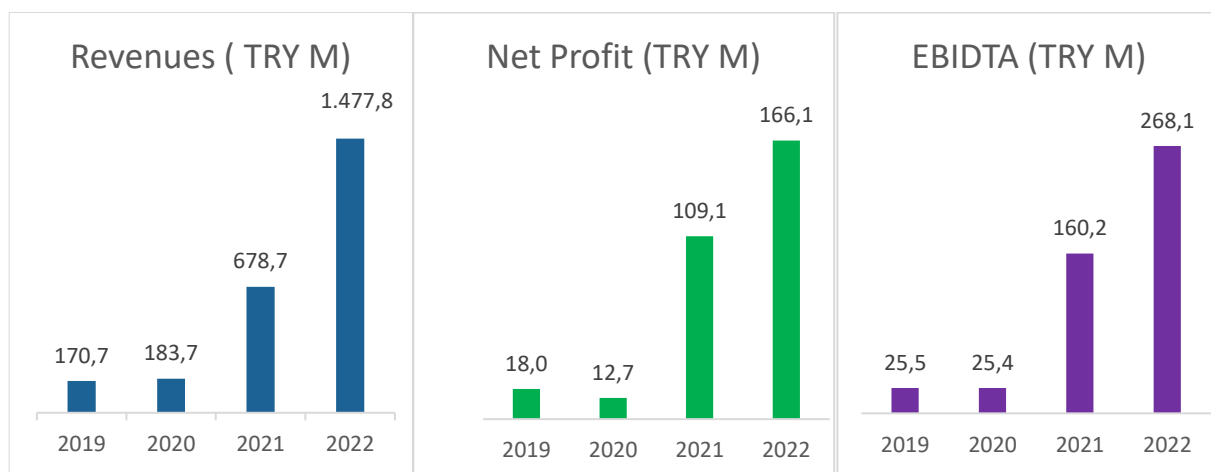
- In 2022, our Company recorded Net Profit of TRY 166.1 Million, representing an increase of 52% compared to 2021 Net Profit of TRY 109.1 Million. Thus, our Company's Net Profit jumped 1.5 times as of 2022 year-end compared to the previous year.
- Net Profit margin was 11.2% in 2022, which was at 16.0% level in 2021.
- As a result of the energy crisis and economic contraction in Europe due to the Russia-Ukraine war, as well as the global inflation together with the deceleration in the credit supply in our country; steel demand and steel / commodity prices declined. In line with the market conditions, our Company's unit prices had a declining trend as of third quarter of 2022 and our profit margins decreased due to rising costs and high inflation.

2) EBITDA Increased 67%

- In 2022, our Company recorded EBITDA of TRY 268,1 Million, representing an increase of 67% compared to 2021 EBITDA of TRY 160.2 Million. Thus, our Company's EBITDA jumped 1,7 times as of 2022 year-end compared to the previous year.
- EBITDA margin was 18.1% in 2022, which was at 23.6% level in 2021.

3) Revenues Increased 2.2 Times (118% Increase)

- In 2022, our Company recorded Revenues of TRY 1,477.8 Billion, representing an increase of 118% compared to 2021 Revenues of TRY 678,7 Million. Thus, our Company's Revenues jumped 2.2 times as of 2022 year-end compared to the previous year.
- For 2023, due to the possibility of continuing high inflation and macro-economic woes, as well as the election to take place in our country; our main focus will be maintaining our market share, instead of striving for significant volume and revenues growth. In addition, our company plans to exit partially or completely from some low-margin-products and aims to increase its volume in more profitable and niche products.



4) USD-Based Revenues Increased 17%

- In 2022, our Company recorded USD-Based Revenues of USD 89,1 Million, representing an increase of 17% compared to 2021 USD-Based Revenues of USD 76,4 Million. Thus, our Company's Revenues jumped 1,2 times as of 2022 year-end compared to the previous year.

(*) 2021 average USD selling rate: TRY 8.8717

(*) 2022 average USD selling rate: TRY 16.5810

5) Real Tonnage Growth in Yukselen Despite Contraction in Turkish Steel Sector (4.6% Tonnage Growth)

- In 2022, global crude steel production was 1,831.5 million tons by declining 4.3%. Turkey's crude steel production was 35.1 million tons with 12.9% decrease in the same year.
- Despite the contraction in global and Turkish steel production during 2022; sales volume grew particularly in our Company.
- In 2022, our Company registered 57.698 tons of sales volume, representing an increase of 4.6% compared to 2021 sales volume of 55,169. Our improving sales volume also indicates a higher market share.

6) Growth in Export Activities

- In 2022, our Company registered TRY 96,7 Million export revenues, representing an increase of 273% compared to 2021 export revenues of TRY 26,0 Million. Our export revenues' share in total revenues reached 6.5%.

7) Dilovasi Steel Service Center Investment

- Following our IPO which took place in November 2019, our special steel processing capacity increased to 100K tons from 25K on the back of our investments in 2020-2021 period. We registered a remarkable growth in volume based domestic sales and FX-based sales as well as supported development in our export activities and took the opportunity to enter new business areas; thanks to our quadrupled capacity which jumped 300% in this period.
- Since our growth rate was beyond our plans as well as the price determination report projections which were realized much earlier than expected, we need for a capacity increase again in order to achieve the new growth targets going forward. Under these circumstances a new investment decision was resolved in 17.09.2021. Dilovası Steel Service Center's construction is planned to be completed and its machinery installations are expected to be made partially as of 2023 first half. The facility is expected to become fully operational by the end of 2023 at the latest. The Steel Service Center, which will start production in 2023, will make its employee recruitment and machinery placement gradually and possibly work full capacity by the end of 2023. There is no delay in terms of construction, license, certification, machinery and equipment purchases as well as other investment-related issues. Following the completion of relevant investment, the capacity,

which will reach 150K tons at the first stage, will gradually increase to 200K tons shortly. Thus, our capacity will double compared to 2022 and reach 8 times compared to 2019. It is possible that this capacity increase will have positive impact on our growth in the domestic market as well as our export activities by 2024.

8) Trade Receivables Collection & Trade Payables Payment Periods

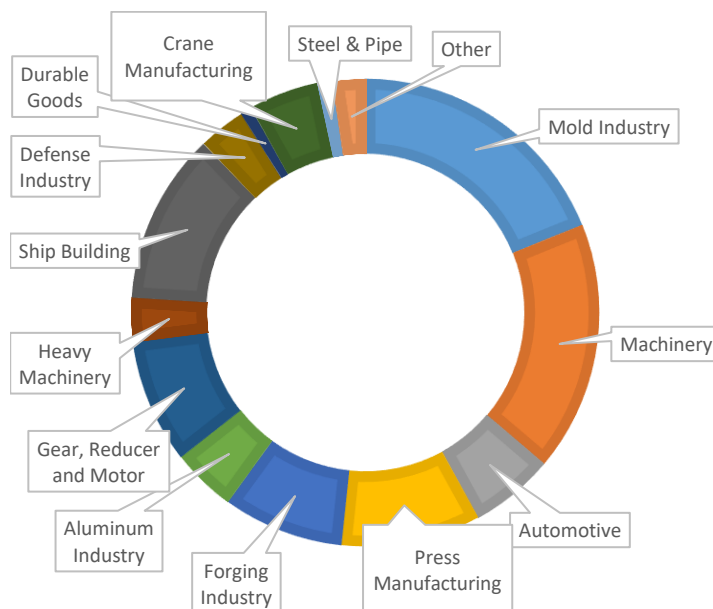
- While the trade receivables collection period of our company was 108 days on average in 2022, our Trade Payables payment period was 45 days on average in the same year.

9) Credit, Debt, Receivables & Collection Management

- As of 2022 year-end, bank loans of our Company registered under the financial liabilities amounts TRY 627.0 million; while the total amount of cash kept at the bank accounts, DSS (Direct Debiting System) receivables and customer checks in banks amounts TRY 540,4 million. Our company also has TRY 113.2 million of current receivables other than checks/promissory notes or DSS.
- Majority of our receivables are guaranteed by the instruments; such as DSS, Euler Hermes Credit Insurance or Letter of Guarantee etc. There has been no major increase in doubtful receivables during the last 7-year-period. Collection and risk management are carried out successfully.

10) Revenue Breakdown by Sector and Product Group

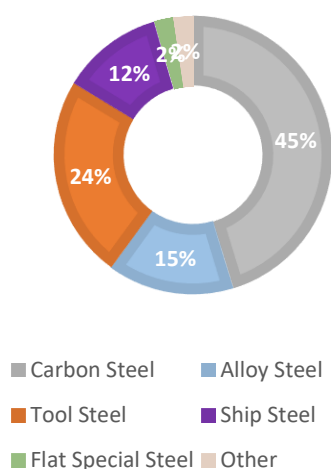
a) Revenue Breakdown by Sector



Sector	Revenue Share
Mold Industry	19.9%
Machinery	16.9%
Ship Building	10.2%
Press Manufacturing	9.5%
Gear, Reducer and Motor	8.5%
Forging Industry	8.4%
Automotive	6.6%
Crane Manufacturing	5.0%
Aluminum Industry	4.7%
Defense Industry	3.5%
Heavy Machinery	3.0%
Other	1.7%
Steel & Pipe	1.1%
Durable Goods	1.0%

b) Revenue Breakdown by Product

2022 / Year-End Revenue Breakdown by Product Group



Product Group	Revenue Share
Carbon Steel	44.8%
Tool Steel	26.2%
Alloy Steel	15.4%
Ship Steel	10.2%
Flat Special Steel	2.2%
Other	1.2%
Total	100.0%

11) Other Issues Related with Our Company

Rising Steel Inc.

- Our fully owned subsidiary domiciled in the Chicago Region of the USA, titled 'Rising Steel', has submitted its application in order to obtain an exemption from import and sales taxes in its market. Therefore, the necessary set-up has been created to sell some of our products to the US market tax-free. Our operations are expected to grow in this market and revenues are expected to be impacted positively as of 2023 first half. Our sample testing and registration activities, which lasted approximately 10 months, have been completed successfully.

VAT Regulation and Withholding Application

- Our Company's operations and our industry were adversely affected due to the Withholding / VAT regulation in Iron and Steel products, which was put in force in 2022 and amended twice. Steel products are subject to 18% withholding and VAT in the first hand and 9% + 9% in the second hand in companies that manufacture by using liquid steel ore. This creates a significant VAT financing burden for our Company. As of 31.12.2022, our outstanding VAT balance is TRY 23.5 million TL, and our VAT refund receivables arising from exports and withholding sales amounts approximately TRY 14.0 million. The relevant legislation, which remains in force, creates a material operational burden on our accounting department as well as a significant financial burden on our sector.