

YÜKSELEN



FINANCIAL RESULT BULLETIN

 1ST HALF OF 2023

1st Half 2023 – Summary Financials



TRY 5.6 million Net Profit



TRY 30.8 million EBITDA



TRY 467.3 million Revenues



17% Export Revenues Share in Total Sales Revenues



37% Growth in Export



15.116 tons of Real Tonnage

2023-2022 / 1st Half Comparison

(TRY Million)	1 st Half of 2023	1 st Half of 2022
Revenue	467.3	761.9
EBITDA	30.8	191.3
EBITDA Margin	%6.6	25.1%
Gross Profit	69.7	223.2
Gross Profit Margin	%14.9	29.3%
Net Profit	5.6	118.9
Net Profit Margin	%1.2	15.6%
Equity	418.5	386.1

2023 / 1st and 2nd Quarter Comparison

(TRY Million)	2023 2 nd Quarter	2023 1 st Quarter
Revenues	139.2	328.0
EBITDA	-1.8	32.5
Gross Profit	17.7	51.9
Net Profit	-15.0	20.6

1) 1st Half of 2023 Overview & 2nd Half Expectations

In the first half of 2023, there has been a remarkable contraction in the steel industry, both in demand and production sides. In the first 6-month period of 2023, Turkey's crude steel production decreased by 16,3% to 15,9 million tons compared to the same period of the previous year. While production in Turkey declined by 16.3% during the first half of the year; global contraction was only 1.1% during the same period. In this context, Turkey diverged negatively by 15.2%. Export volume declined 46.5% and amounted 4.5 million tons, while total amount of export was 3.9 billion US dollars with a 52.5% decrease. During the same period, import volume was 9.5 million tons with 23% increase. The ratio of exports to imports, which was 96.7% in the first half of 2022, decreased to 47.9% in the first half of 2023.

This contraction in demand in the steel industry put downward pressure on steel prices. Due to the declining trend in steel prices, our sales prices, sales revenues and profit margin reduced.

All in all, our raw material inventories as well as financing expenses have increased owing to the decrease in demand. During the same period, due to the significant increase in interest rates and the difficulties faced by the real sector while accessing financing opportunities our financing expenses increased and sales for the account opportunities to dealer channels and steel service centers were limited.

High inflation and increasing costs experienced in our country during this period negatively affected our profitability and the rising bank loan interest rates also increased our interest expenses. It was previously shared with our investors in our last financial results bulletin that due to the election year, a similar situation was expected in the second quarter of the year since a slowdown was experienced in some sectors which are steel consumers.

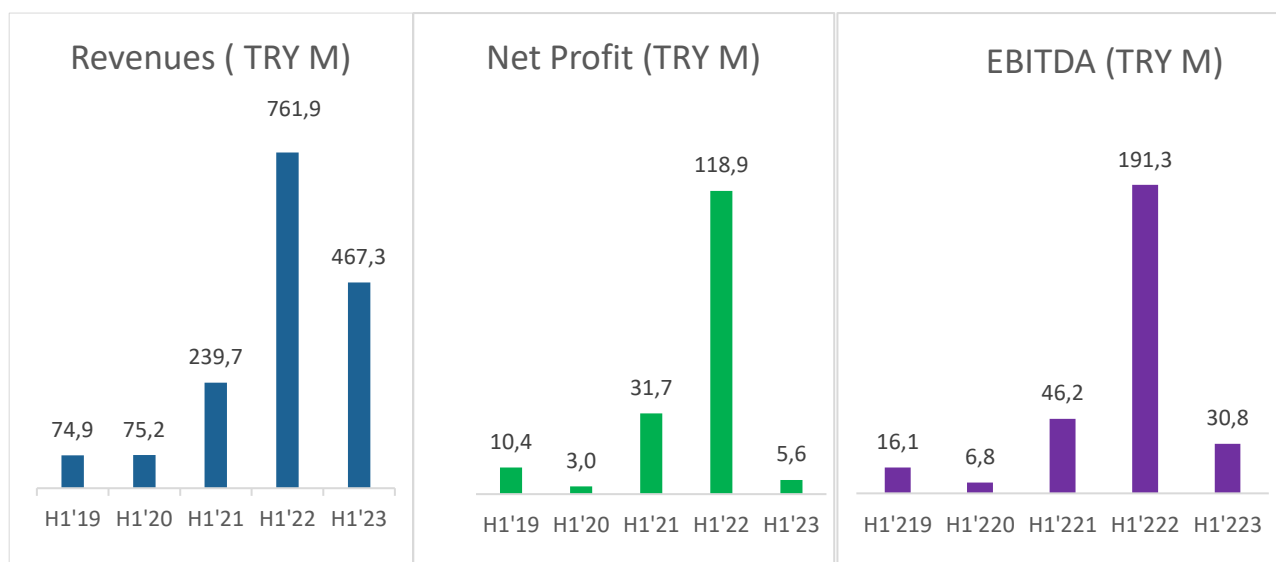
In the remainder of 2023, following the general elections, a serious price and demand increase may occur in the steel industry. We expect that there will be reasonable upward price adjustments in the steel industry as of September (by the end of the 3rd quarter) and/or the downward price trend of our Company will end. In case the market dynamics are realized in line with our expectations; the second half of the year is likely to be more positive than the first half in terms of profitability and sales revenues.

In spite of a probable improvement in the bank loan supply during the rest of the year, we do not expect any decrease in bank loan interest rates, inflation and energy costs. We expect our sales prices to follow an upward trend. In this context, during the 3rd and 4th quarters of 2023, it may be possible for our company to normalize its gross profit and sales revenues gradually.

A significant decrease is expected in financing expenses as of the last quarter and above average financing expenses, which resulted from the credit supply problem and prevailed during the first half of the year, are expected to decrease relatively. Due to the macroeconomic conditions in the first half of the year, our company refrained from closing the bank loans by using its cash position and preferred to make deposits. On the back of these measures taken against the probable risks in the loan supply, total amount of bank loans registered was above the efficient level and our financing expenses increased significantly in the first half of the year.

2) Sales Revenues, EBITDA & Net Profit

- In the first half of 2023, our Company registered Sales Revenues of TRY 467,3 million, which was TRY 761.9 million in the first half of 2022.
- In the first half of 2023, our Company recorded EBITDA of TRY 30,8 million, which was TRY 191.3 million in the first half of 2022.
- The EBITDA margin, which was 25.1% in the first half of 2022 was 6,6% in the first half of 2023.
- In the first half of 2023, our Company registered Net Income of TRY 5,6 million, which was TRY 118.9 million in the first half of 2022.
- The Net Income margin, which was 15.6% in the first half of 2022 was 1,2% in the first half of 2023.



3) Dividend Payment (October 17th, 2023)

As per our Company's Board of Directors resolution dated March 10th, 2023, TRY 12.5 million gross dividend payment, from the net distributable income, has been voted by our shareholders at the Ordinary General Assembly Meeting for the year 2022 which was held on May 12th, 2023.

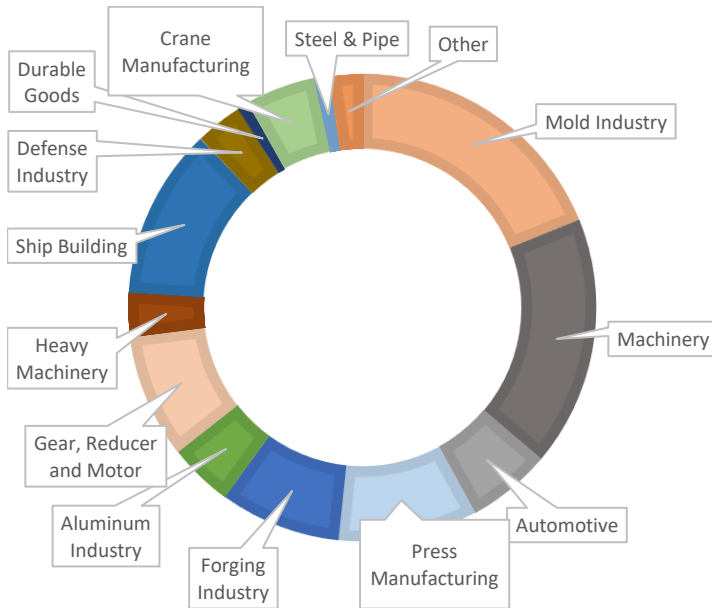
In line with the general assembly approval; the gross dividend payment of TRY 12.5 Million TL with a cash dividend right exercise date of 17.10.2023, will be paid to the shareholders in cash on 19.10.2023.

4) Trade Receivables Collection & Trade Payables Payment Periods

While the trade receivables collection period of our company was 174 days on average in the first half of 2023, our Trade Payables payment period was 78 days on average in the same period.

5) Revenue Breakdown by Sector and Product Group

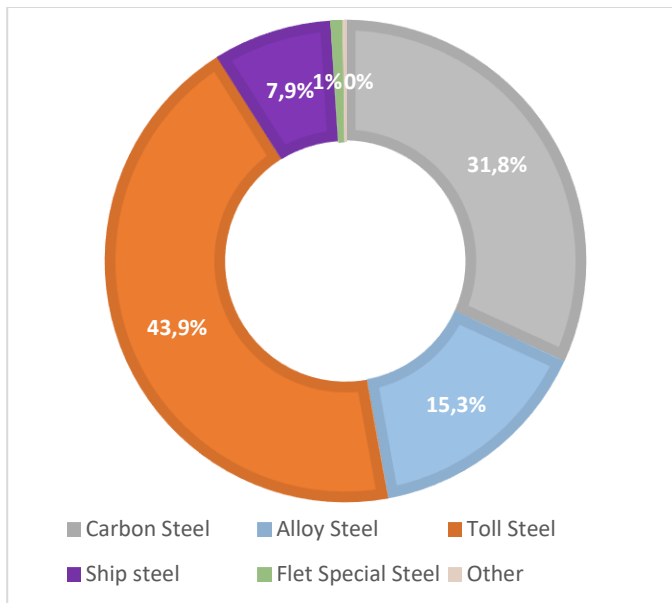
a) Revenue Breakdown by Sector



Sector	Revenue Share
Mold Industry	25.71%
Automotive	12.36%
Machinery	11.49%
Gear, Reducer and Motor	8.92%
Ship Building	7.85%
Forging Industry	7.65%
Press Manufacturing	6.53%
Aluminum Industry	5.64%
Crane Manufacturing	4.52%
Defense Industry	4.34%
Heavy Machinery	2.07%
Durable Goods	1.74%
Steel & Pipe	1.00%
Other	0.18%

b) Revenue Breakdown by Product

H1 2023 Revenue Breakdown by Product Group



Product Group	Revenue Share
Tool Steel	43.9%
Carbon Steel	31.8%
Alloy Steel	15.3%
Ship Steel	7.9%
Flat Special Steel	0.8%
Other	0.2%

6) Dilovası Steel Service Center Investment

Regarding our steel service center investment of our company located in Kocaeli province, Dilovası district; we already completed the works for the land purchase, license and certification works, rough-architectural-detail construction works, fine workmanship and all kinds of electrical, mechanical, static and other construction processes up to the settlement stage while the machine

installations are partially done. Our steel service center investment will be put into operation together with the announcement to be made on the public disclosure platform soon. Due to the decline in sales revenues and sales volumes in 2023 compared to the previous year, it has been decided that the relevant steel service center will initiate its operations with minimum capacity instead of working with maximum capacity. Following the completion of related processes, the result and future of the investment will be shared with the public.

Following the commissioning of Dilovası steel service center with minimum capacity in 2023; it is expected to have an significant place in our company's operations in 2024 and beyond, when the price and demand of steel in the domestic and export markets increase.