

YÜKSELEN



FINANCIAL RESULT BULLETIN

 2023 YEAR-END

IMPORTANT INFORMATION

In the 2022 year-end financial statements announced before inflation accounting, our Company's equity capital reached 649.9 Million TL after 2023 year-end inflation accounting, from 412.3 Million TL.

Due to the calculation model made within the scope of TMS 29, the loss of monetary position due to inflation indexation caused the loss for the period of 2023 to increase. The real loss incurred before the TMS 29 calculation model was 33.8 Million TL; It is not of serious importance for our company's equity capital. However, positive growth in equity capital and an increase in net profit is expected in 2024.

2023-2022 / Year-End Comparison

(TRY Million)	2023*	2022*	2023 Δ	2022 Δ
	Year End	Year End	Year End	Year End
Sales Revenues	1,413.4	2,875.5	1,131.0	1,477.8
EBITDA	218.4	801.9	145.6	268.1
EBITDA Margin	%15.5	%27.9	%12.9	%18.1
Gross Profit	333.5	910.0	244.8	327.4
Gross Profit Margin	%23.6	%31.6	%21.7	%22.2
Net Profit	-147.5	52.1	-33.8	166.1
Net Profit Margin	%-10.4	%1.8	%-3.0	%11.2
Equity	649.9	830.9	364.4	412.3

* Prepared within the scope of TAS 29 "Financial Reporting in High Inflation Economies" standard.
 Δ These are data before the implementation of TAS 29, which was announced in the past.

2023 / Quarter Analysis

According to figures before TAS 29 inflation accounting for 2023

(TRY Million)	2023/4.Q	2023/3.Q	2023/2.Q	2023/1.Q
Sales Revenues	387.7	276.0	139.2	328.0
EBITDA	73.0	41.8	-1.7	32.5
Gross Profit	96.5	78.7	17.7	51.9
Net Profit	-45.5	6.1	-15.5	20.6

1) Evaluation of 2023

Due to the extraordinary macroeconomic negativities experienced in our country;

- Rapidly increasing inflation has increased our company's costs in almost every field,
- The twice-increased minimum wage and rising energy prices have increased our general expenses,
- Our loan costs and financing expenses have increased significantly due to the high interest rate economy that has emerged,
- Due to the contraction in domestic credit resources and the decrease in investment appetite, the demand for the steel products we sell decreased,
- Accordingly, there was a significant decline in steel prices in the country,
- And simultaneously, due to the lack of desired investment and growth in export markets, sales volumes decreased and stock costs increased.

Due to the fact that conditions similar to the extraordinary macroeconomic negativities experienced during the global economic crisis in 2008 and the coup attempt in 2016 was be experienced in 2023 and at the same time, elections was be held in our country in the relevant calendar period;

Our company's sales volumes and sales prices decreased; Due to increasing costs, there has been a calendar year with a negative divergence for the third time in the last 30 years. A similar situation is seen in many industrial companies, especially in the iron and steel sector.

However, the following issues are issues that are positive for our company and create positive expectations for the future:

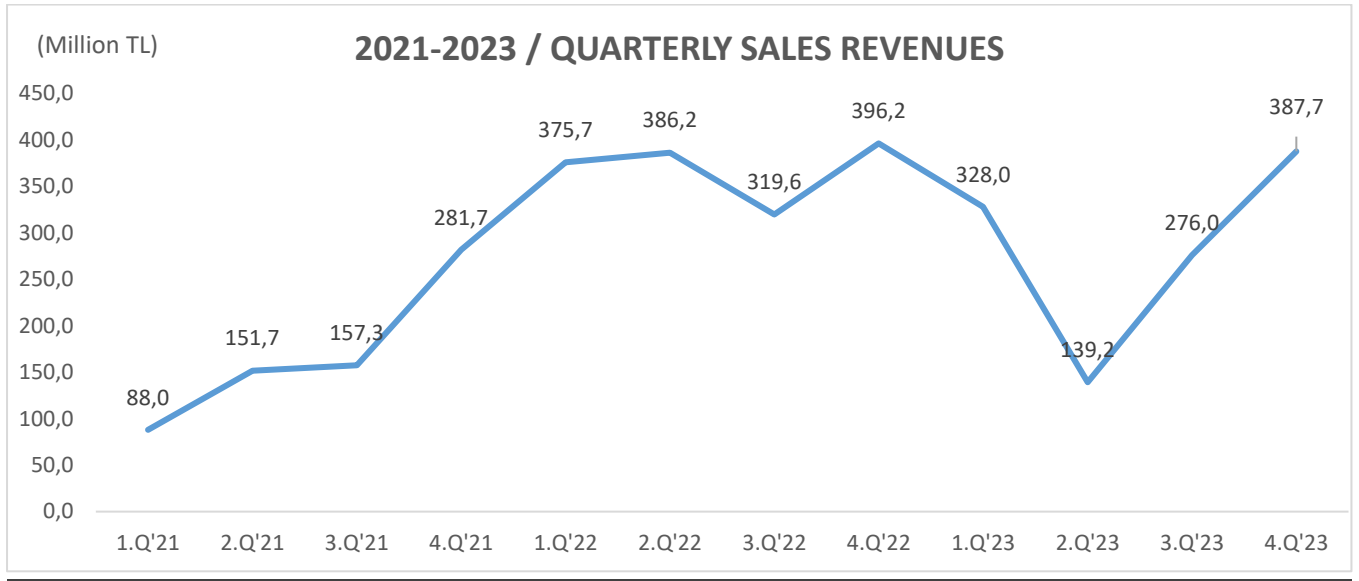
- Our company doesn't have foreign currency bank debts or any foreign currency open positions,
- The possibility that possible exchange rate increases that may occur in 2024 will increase sales revenues due to the fact that the products in its stocks and supplied in the past are priced and sold in foreign currency,
- The sales prices of the products in stock have increased in export markets abroad as of the 1st Quarter of 2024,
- In addition to the Euler Hermes credit insurance agreement, thanks to the DBS agreements with many banks, there is no important doubtful Receivables situation or collection risk,

Finally;

TAS.29 inflation accounting application, which was put into practice in 2023, has created unreal artificial profit in the financial statements of many companies; It has created a non-real, artificial additional loss in our company's financial statements. For our company, this may have positive tax implications in the coming period.

2) Expectations for 2024

*According to figures before TAS 29 inflation accounting for 2023



As seen in the table above, the bottom point was seen in sales quantities and amounts for the last 11 quarters in the second quarter of 2023; The upward trend in sales continues.

In this context, a significant increase in sales revenues is expected for 2024 compared to 2023; If the studies on shortening the average collection period yield positive results, it is expected that our company will return to the positive stability situation, as it has been in 27 of the last 30 years, with the decrease in financial expenses.

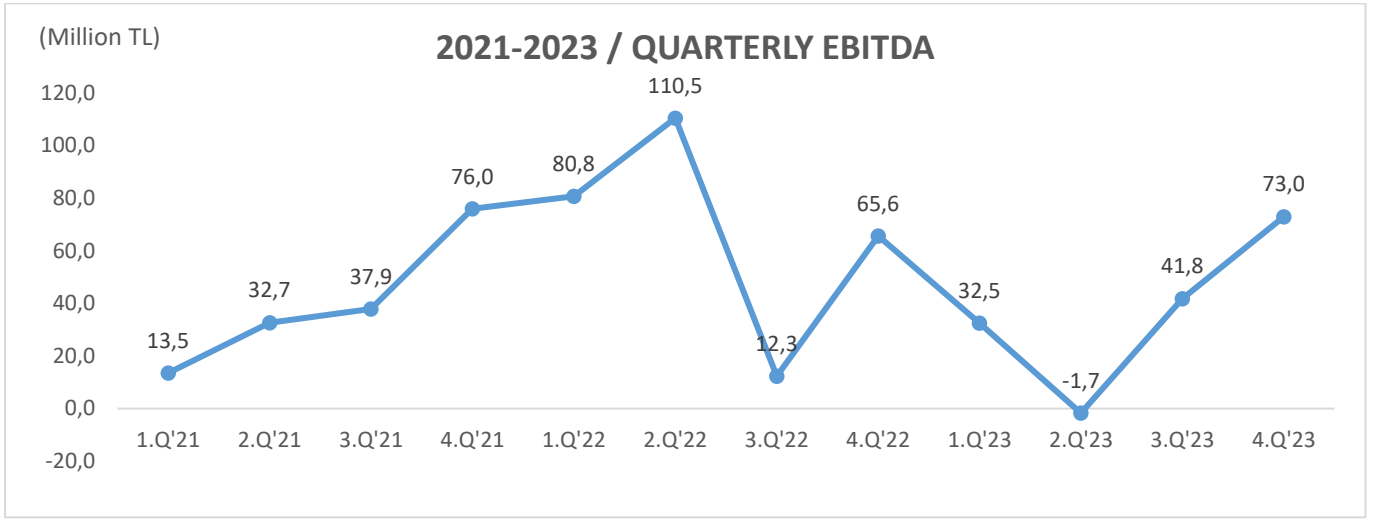
Based on the long years of industry experience and business knowledge of the company management and professional employees (except for 3 negative calendar years in the last 30 years), the company has been able to follow price and sales trends accurately and It has positioned our company's stock and sales position correctly. In this context, it is likely that 2024 will have an increase in terms of sales volumes, sales amounts, total sales revenue and net profitability compared to 2023.

Our company wishes for a positive net profitability situation to occur for its commercial activities in 2024 and to remain above the successful picture that emerged in 2022

In this context, it makes the necessary efforts to implement the following studies:

- average collection period shortened by 10 days or more
- The average debt payment period is extended by 10 days or more
- decrease in total bank liabilities by 15% or more
- increase in total sales revenues by at least 30% or more
- the share of exports in total sales revenues is greater than 10% and
- keeping total expenses at the same level, if possible, compared to 2023

*According to figures before TAS 29 inflation accounting for 2023



3) Trade Receivables Collection & Trade Payables Payment Periods

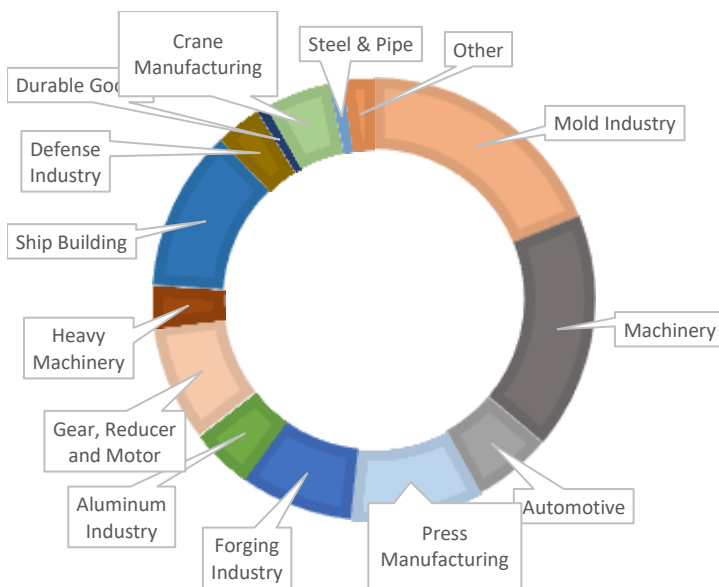
While the trade receivables collection period of our company was 163 days on average in the end of 2023, our Trade Payables payment period was 60 days on average in the same period. While the Receivables Collection period was 108 days, the average Receivables Payment period was 45 days.

4) Credit Insurance & Collection Management

Most of our receivables are with a %100 bank guarantee DSS (Direct Debiting System) or with %90 insurance Euler Hermes Credit Insurance or Letter of Guarantee etc. Guaranteed with instruments. There has been no notable increase in the doubtful receivable balance since 2017. Collection and risk management are carried out successfully.

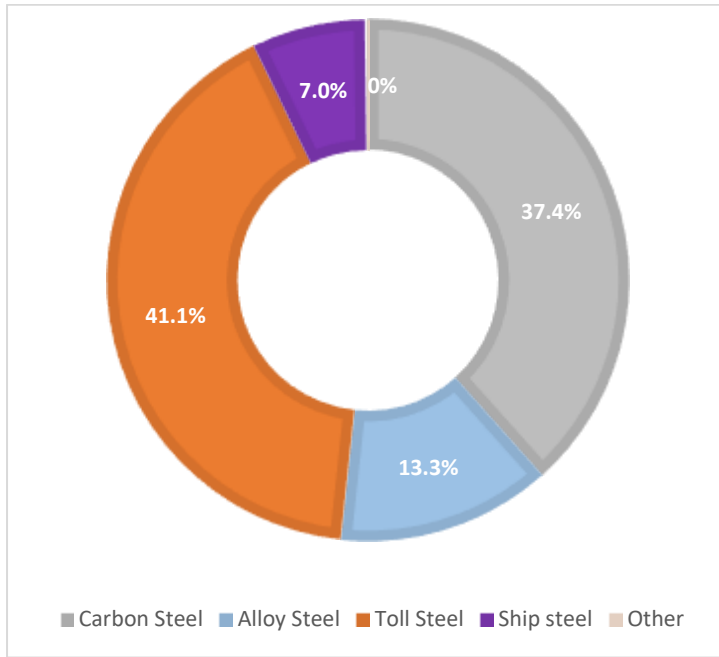
5) Revenue Breakdown by Sector and Product Group

a) Revenue Breakdown by Sector



Sector	Revenue Share
Mold Industry	25.81%
Automotive	10.86%
Machinery	13.59%
Gear, Reducer and Motor	7.95%
Ship Building	6.97%
Forging Industry	7.58%
Press Manufacturing	7.94%
Aluminum Industry	6.36%
Crane Manufacturing	4.01%
Defense Industry	3.79%
Heavy Machinery	2.58%
Durable Goods	1.43%
Steel & Pipe	0.98%
Other	0.15%

b) Revenue Breakdown by Product



Product Group	Revenue Share
Tool Steel	41.1%
Carbon Steel	38.4%
Alloy Steel	13.3%
Ship Steel	7.0%
Other	0.2%