



YÜKSELEN

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FINANCIAL RESULT BULLETIN

2021
9 Months

**1st of November,
2021**

2021 9 Months – Financial Summary



Net Profits Reached to 7,7 Times (666,7% Increase)



EBITDA Reached to 6,7 Times (568,3% Increase)



Revenue Reached to 3,3 Times (227,9% Increase)



Revenue Per Ton Increase 52,1%

Financial Indicators (TRY Million)	2021 9 Months	2020 9 Months
Revenue	397,1	121,1
Revenue Change	227,9%	-
EBITDA	84,2	12,6
EBITDA Change	568,3%	-
EBITDA Margin	21,2%	10,4%
Gross Profit	96,8	18,2
Gross Profit Change	431,9%	-
Gross Profit Margin	24,4%	15,0%
Net Profit	52,9	6,9
Net Profit Change	666,7%	-
Net Profit Margin	13,3%	5,7%

*In the 2021/9 Months Our Company's net profits amounted 52,9 Million TRY. This amount is not including 5,99 Million TRY income which has been gained by selling shares of price stability fund on May 5, 2021. According to TMS 32 related selling income has been shown under equity.

1) Net Profits Reached to 7,7 Times (666,7% Increase)

Our Company's net profits increased in the rate of 666,7% in the first 9 Months of 2021 comparing to the same term of 2020 by reaching up to 52,9 Million TRY from TRY 6,9 Million. Our Company's net profits in the first 9 months term have been reached to 7,7 times comparing to the first 9 Months of 2020.

This raise in the net profit has been generated by real tonnage growth.

The most important reasons of real tonnage growth (increase of sales amounts);

- (1) Increase the number of branches
- (2) Management supply chain more effectively than competitors and consequen increase the market share
- (3) Rising commodity sales after pandemic
- (4) New deals with the suppliers and to create with new collabrations
- (5) To start export activities since 3rd quarter of 2021
- (6) The positive results of the new product launch

Can be listed as above.

2) EBITDA Reached to 6,7 Times (568,3% Increase)

In the first 9 Months of 2021 EBITDA raised to TRY 84,2 Million from TRY 12,6 Million comparisation with the first 9 Months of 2020, which increased by 568,3%. So our nominal EBITDA amount has been reached to 6,7 times in the first 9 Months of 2021 compared to the same period of previous year.

EBITDA margin was 10,4% in the first 9 Months of 2020, has risen to 21,2% in the first 9 Months of 2021.

The reasons of EBIDTA margin increasing;

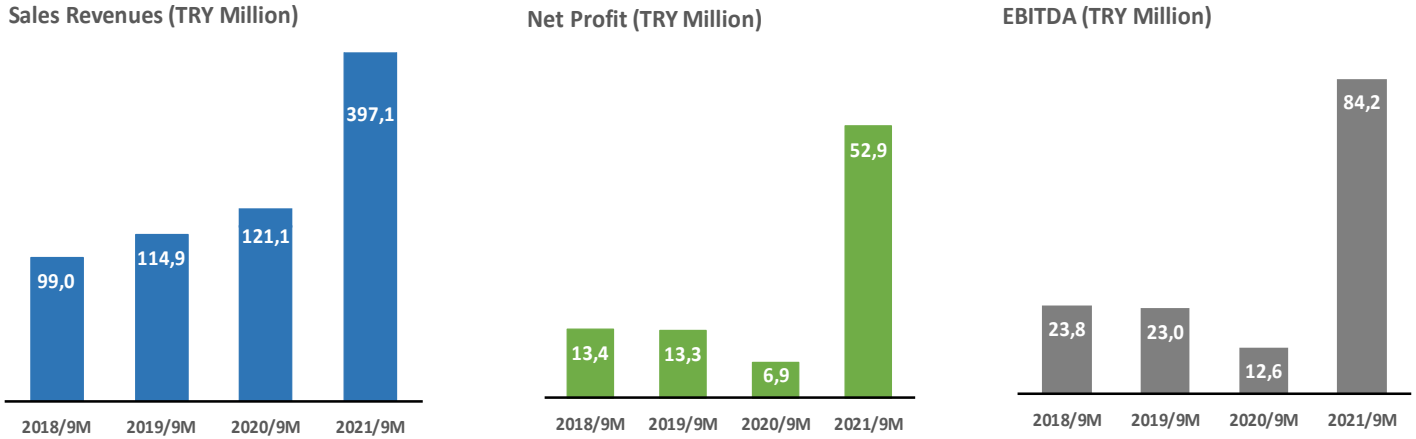
- (1) Increasing steel prices,
- (2) Higher profit margins for local end users with the increase in the activities of the branches,
- (3) New add value products have more shares of our trades since the beginning of 2021
- (4) Carrying out localization and diversification activities in order to obtain more competitive prices in raw material purchases

Can be listed as above.

The increase of the EBITDA Margin is expected to affect positively the net profit and equity capital of our company in the last quarter of 2021, just as it did in the first 9 months.

3) Revenue Reached to 3,3 Times (227,9% Increase)

In the first 9 Months of 2021, our revenue has risen from TRY 121,1 Million to TRY 397,1 Million, compared to the first 9 Months of 2020, increased by 227,9%. So our revenue jumped in 3,3 times in the first 9 Months of 2021.



4) Real Tonnage Growth (115,4% Tonnage Increase)

Our sales amount has been reached to 37.624.698 kg in the first 9 Months of 2021, which was 17.470.510 kg in the first 9 Months of 2020. Scope of that our sales amount in the first 9 Months of 2021, has been reached to 2,2 times increased by 115,4%.

The revenue amount per ton, which was 6.937 TRY/ton in the first 9 Months of 2020, increased by approximately 52,1% in the first 9 Months of 2021 and reached to 10.553 TRY/ton.

(Real tonnage growth reasons listed at item 1.)

5) Credit Insurance & Secured Sales

In the first 9 months of 2021, average purchase maturity was 68 days and average sales maturity was 108 days. Therefore, there is an increase in the bank liabilities in the first half of 2021 (due to the increase in turnover). In addition, an automatic increase in the purchase order advances and the production deadlines has occurred in order to support sales revenue.

Continuity of increase in the sales revenues creates a controlled and automatic increase in bank credit. However, these amounts, which are very small comparing to the loan amounts used in previous years, are extremely easy loans to manage for our Company.

Our credit loans to banks are less comparing to our sector, the total amount of our credit loan is 122,6 TRY Million as of 30.09.2021. 114,0 TRY Million part of his amount consist of short term credits. Provision of that credits, approximately 157,8 TRY Million value customer checks exist in the bank for assurance. Scope of that all related credit liabilities will be closed automatically following our customer's payments. However, withdrawing and using the similar bank credits are our routine operations for the financing sales, purchasing, stock and productive time. Besides the used bank credits are only the 21,7% of our usable credit limitation (565,1 TRY Million).

There are bank credit limits available around TRY 442,5 Million, which our company does not current use and can use immediately, and in this context, the availability of credit channels is close to 80,0%.

Our company has been actively working with EULER HERMES Sigorta A.Ş. for many years regarding collateralization of credit sales. In the content of the policies committed with EULER HERMES Sigorta A.Ş., the collateralization rate of our company for commercial claims of credit limitation made was determined as 90,0%. AS of September 30,2021, approximately 118,7 Million TRY insurance coverage limitation is available within EULER HERMES Sigorta A.Ş. for 649 costumers of our company.

Furthermore, our company is conducting secured sales in 10 different banks with DBS model with 100,0% rate. In this context, in the last five years, there has almost never been any suspicious receivable of our company.

6) Evaluation 3rd Quarter of 2021

In the speciality of the 3rd Quarter of 2021, 242,7% growth was realized comparing to the same term of the previous year by obtaining sales income 157,3 Million TRY.

In the specialty of the 3rd Quaret of 2021, the amount of net profit was realized as 21,2 TRY, the amount of net profit has reached 5,6 times of the same term of previous year.

7) Controlled Growth and Sustainable Profit Target

Our company entered a growth process in 2021 depending upon the contribution of the money source acquired from public offer to the fund of the company and the capacity increment provided by the investments. Similar growth processes were provided with the establishment of Special Steel Service Center by our company and then the purchase of a competitor corporation in 2013. In the related terms, to make the growth realize under control and to prevent substantial casualties, in these fast growing terms of our company some of the projects were renounced consciously in order to bring the incomes increment of sales under control.

In the first 9 month period of 2021, our sales tonnage reached to 2,2 times comparing to the same term in 2020 by increasing in the rate of 115,4% and our sales income reached 3,3 times by increasing in the rate of 227,9%. Considering the possibility of negative effects of continuing

this fast growth in the same ratio in the future on profit margins and cash flow of our company, the corporate management has to be more selective regarding customer and activity preferences to its proficiency as in the past in order to make controlled growth being sustainable. Thus, it is endeavored to guarantee the growth in the mid and long term by controlling the short term growth in reasonable levels.

Reaching the 2024 targets in the end of 2021 (declared in the pegging report) indicates the tangible growth of our company. It has to be taken required (relying on our experiences) precautions to sustain this growth in years. These particular details will be announced in Financial Result Bulletin which will be published in the end of 2021. Our company will keep working focusing on profit (except launching terms and product development activities).



NEW INVESTMENT



Our company reached a serious growth ratio in the first half of 2021 and 2024 endorsement target, projected in the pegging report publishes in public offer period, was reached about the first half of 2021. The management of our company made a decision for a new investment to support the growing trading volume.

Accordingly, in order to establish a steel service center, 5.000 m2 land in Kocaeli Dilovası Organize Sanayi Bölgesi was purchased for 15,3 Million TRY in 24.09.2021 and added to current tangible assets of our company.

Our company is planning to build a contemporary steel service center on the land and activate in 36 months.

The investments planned to make with the 30,0% of the income obtained the public offer of our company in November 2019 were completed in June 2021 and the capacity was increased 4 times by providing 300,0% capacity raise. It is aimed to double the capacity with the steel service center which is planned to establish.

This new investment which will be made to increase the sustainability of the growth obtained from the amount of net profit in terms of TRY and foreign currencies, market share in 2021 and income, have quite importance.

