

Brisa

3Q 2023 Financial Results

Earnings Release

1 November 2023

Brisa continued its strong financial performance in the first nine months of 2023

Brisa, the mobility leader in the Turkish tire sector, a subsidiary of Sabancı Holding and Bridgestone Corporation, demonstrated a strong performance in the first nine months of 2023 with balanced channel distribution and a solid balance sheet.

During the first nine months of the year, the company maintained its operational profitability through risk mitigation operations and an effective pricing strategy, resulting in a 59% increase in operating profit compared to the same period last year.

In the first nine months of the year, the company's net profit increased by 46% to 2 billion 154 million TL compared to the same period last year, excluding one-time taxes.

Brisa CEO Haluk K rk , who evaluated Brisa's third quarter 2023 results, said, " We are making additional investments of \$34 million in our tire factory in Aksaray, which we established with a \$300 million investment in 2018. With these investments, we plan to reach an annual production capacity of 4.6 million tires by 2026. Through capacity expansion and the introduction of a special compound technology, we aim to offer products that are in line with emerging mobility trends, such as electric vehicles. These products will be more sustainable, incorporate the latest technology, and meet global standards, and we intend to bring them to the market more rapidly, thus enhancing our strength as a mobility partner for vehicle manufacturers. We are sharing our technology produced in Turkey with the world through strong exports. Currently, we export to nearly 90 countries, and our Aksaray Factory supplies tires to 77 countries. With our new investment, we aim to increase these numbers even further. Haluk K rk  also highlighted their agreement with the European Bank for Reconstruction and Development (EBRD) for a credit of \$100 million equivalent in Turkish Lira, focusing on "sustainable development." He mentioned, "We will use this credit to finance the new investment expenditure program for the period 2023-2025. We will invest in new machinery and equipment for capacity expansion at our Aksaray Factory and modernization and improvement investments at our Izmit Factory to increase the production of fuel-efficient and low-carbon emission products."

CONSOLIDATED FINANCIAL HIGHLIGHTS

- In the first nine months of 2023, Brisa increased its sales revenue with its balanced sales channel portfolio. In the third quarter of 2023, sales revenue increased by 51% compared to the same period of the previous year, reaching 5,475 million TL, and in the first 9 months of 2023, it increased by 53% compared to the same period of the previous year, reaching 14,630 million TL. Domestic revenue increased by 55% in the third quarter of 2023 compared to the same period of the previous year, reaching 3,462 million TL, and in the first 9 months of 2023, it increased by 62% compared to the same period of the previous year, reaching 9,613 million TL. In our European and non-European markets, sales revenue increased by 45% in TL terms in the third

quarter of 2023 compared to the same period of the previous year, reaching 2,012 million TL, and in the first 9 months of 2023, it increased by 38% compared to the same period of the previous year, reaching 5,017 million TL.

- With effective pricing policies, strong hedging policies against exchange rate risk, and increased efficiency in production, EBITDA increased by 75% in the third quarter of 2023 compared to the same period of the previous year, reaching 1,275 million TL, and in the first 9 months of 2023, it increased by 56% compared to the same period of the previous year, reaching 3,255 million TL.
- By managing our risks well in this macro environment, net profit increased by 81% in the third quarter of 2023 and by 46% in the first 9 months of 2023 compared to the same period of the previous year, reaching 1,007 million TL and 2,154 million TL respectively.
- The one-time earthquake tax imposed this year is a significant one-time expense item, and excluding one-time expenses, Brisa's net profit is 2,421 million TL, showing a 70% increase compared to the previous year.

STRATEGIC HIGHLIGHTS

- We continued to transform Otopratik and Propratik fast maintenance points into Mobility Centers. Our total target for 2023 is 150 stores, and we have introduced our new service, "Otopratik," with the "On-Site Service" application in Istanbul.
- Our Otopratik stores position us as the first fast maintenance service chain in Turkey to offer electric charging station services extensively. By the end of 2023, we aimed to increase the number of these stations to 70. In our 2030 roadmap, we have the goal of having an electric charging station in every Otopratik location.
- Our Otopratik brand signed a groundbreaking collaboration with Cenntro Turkey in the electric vehicle sector, which will help fill a significant gap. Under the agreement, Otopratik locations will provide delivery, after-sales maintenance, and repair services for Cenntro Turkey's electric vehicles.
- We are making additional investments of \$34 million in our tire factory in Aksaray, which we established with a \$300 million investment in 2018. With these investments, we plan to reach an annual production capacity of 4.6 million tires by 2026.
- We signed a "sustainable development" focused credit agreement with the European Bank for Reconstruction and Development (EBRD) for 100 million dollars equivalent in Turkish Lira. This credit will be used to finance the new investment expenditure program for the 2023-2025 period.

Consolidated Brisa Financial Results

Sales Tonnage	1 January- 30 Sep 2023	1 January- 30 Sep 2022	Change %
Domestic	97.233	91.486	6,3
Export	53.540	60.218	-11,1
Total	150.773	151.704	-0,6
Sales Tonnage (Channel Based)			
Replacement	75.212	72.332	4,0
OE	22.021	19.154	15,0
Domestic Total	97.233	91.486	6,3
Lassa Export	37.971	38.377	-1,1
Bridgestone Export	15.569	21.841	-28,7
Export Total	53.540	60.218	-11,1
General Total	150.773	151.704	-0,6
Net Sales (Million TL)			
Domestic Sales	9.613	5.935	62,0
Export Sales	5.017	3.641	37,8
Net Sales	14.630	9.575	52,8
Million US Dollar			
Export Sales	244	242	0,7
Summarized Income Statement (Million TL)			
Net Sales	14.630	9.575	52,8
Gross Profit	4.781	2.924	63,5
Operating Profit	2.976	1.868	59,3
Net Profit	2.154	1.480	45,5
Net Profit before one offs	2.421	1.420	70,5
EBITDA	3.255	2.080	56,5
EBITDA Margin%	22%	22%	0,5%
Net Profit Margin%	15%	15%	-0,7%

3Q 2023	3Q 2022	Change %
31.638	28.864	9,6
18.496	19.189	-3,6
50.134	48.053	4,3
24.512	22.535	8,8
7.126	6.329	12,6
31.638	28.864	9,6
12.569	12.459	0,9
5.928	6.731	-11,9
18.496	19.189	-3,6
50.134	48.053	4,3
3.462	2.234	55,0
2.012	1.389	44,9
5.475	3.623	51,1
80	80	-0,3
5.475	3.623	51,1
1.875	1.049	78,8
1.177	656	79,4
1.007	557	80,7
1.040	485	114,4
1.275	730	74,8
23%	20%	3,2%
18%	15%	3,0%