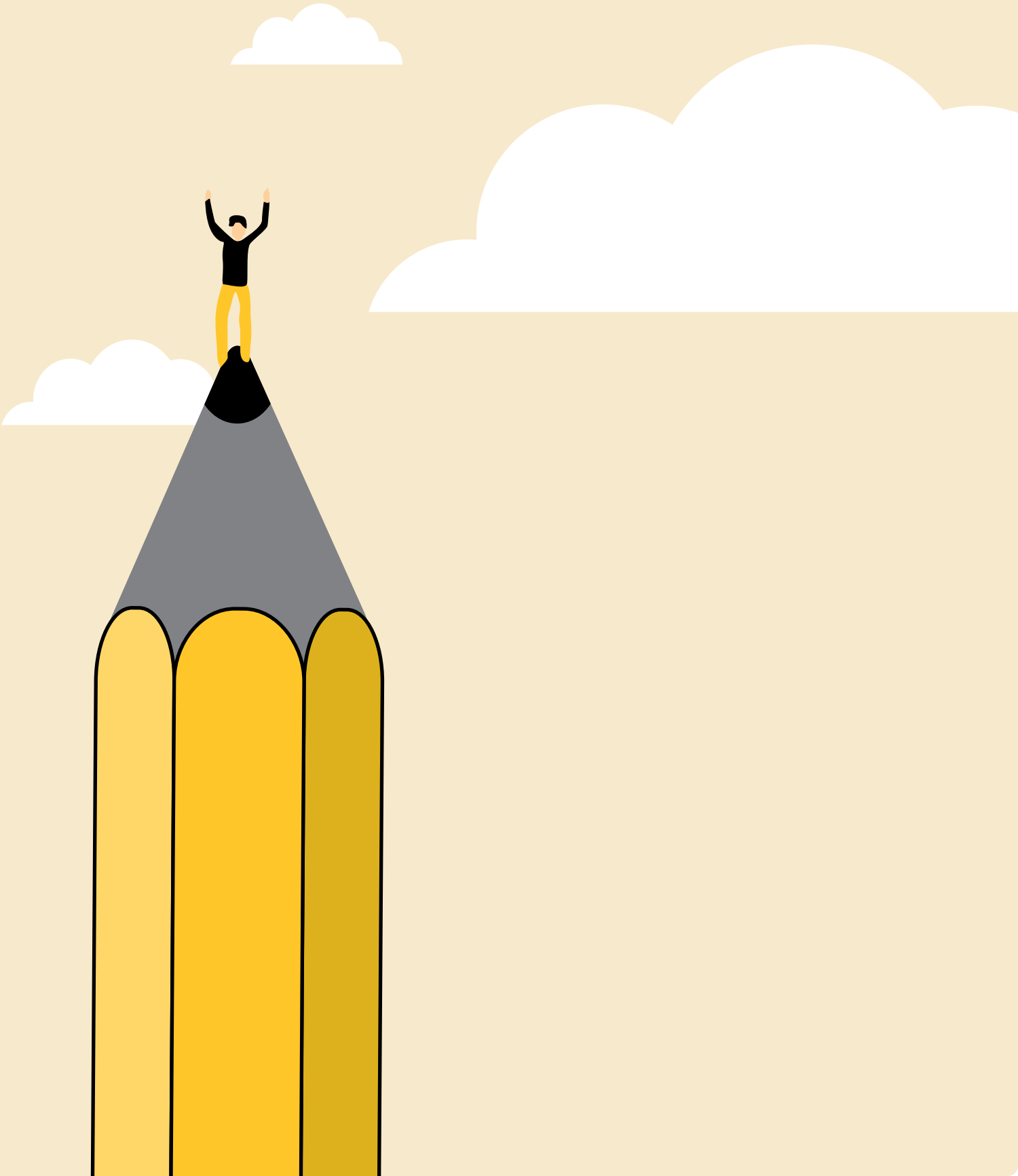


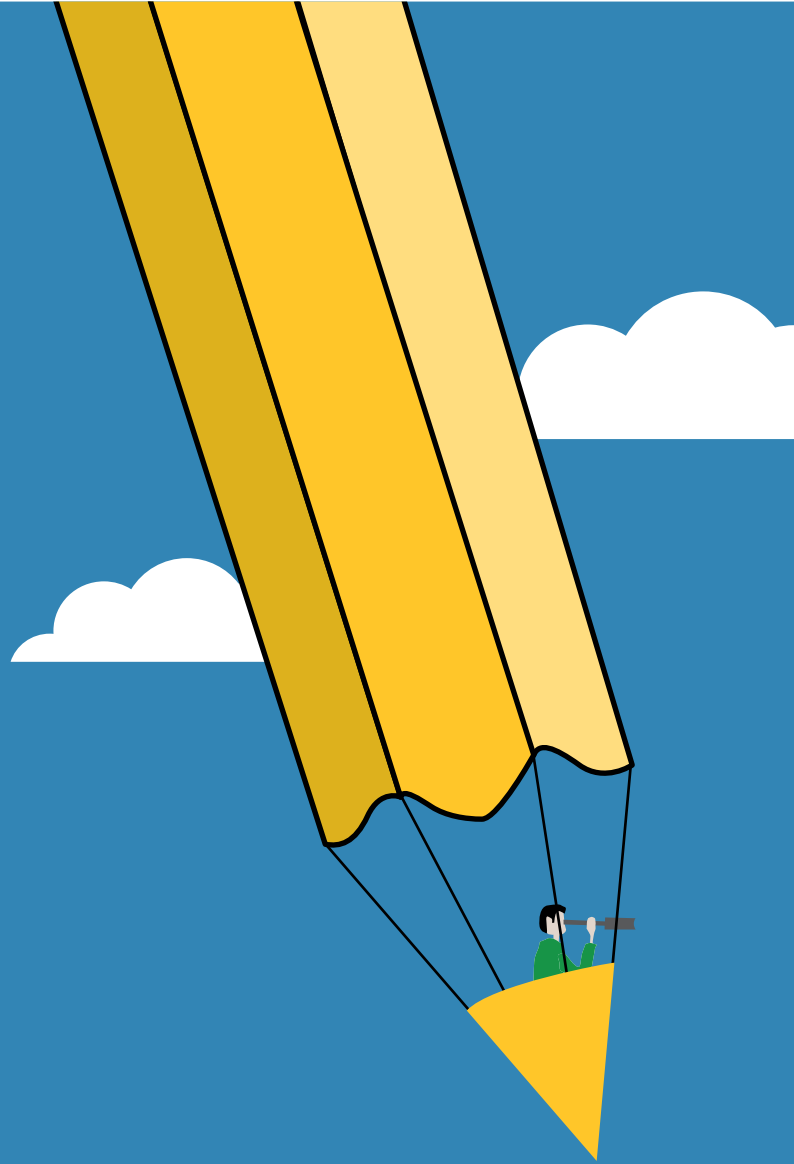



**2023 1<sup>st</sup> Quarter  
Interim Annual  
Report**



# More than a half-century of experience

Adel stands out in its  
industry with over 50 years  
of experience and strong  
capabilities.





## Adel: The leader in the industry, offering a wide range of high-quality, safe products

Adel is Turkey's biggest and most advanced stationery manufacturer. With over 50 years of experience, Adel is a leader in the industry, offering a wide range of high-quality, safe products. Adel's vision, sense of responsible and innovative production, and commitment to quality set them apart from their competitors.



## Contents

3	Adel in Brief	8	CEO's Message	23	Forward-Looking Statements Disclaimer
4	Vision, Mission	10	Management and Organizational Structure	23	Employee Compensation and Benefits
5	Values	12	Adel's Position in the Sector	24	What Are We Doing for the Future of Our Planet?
6	Shareholder Structure	14	Assessment of Operational and Financial Results	26	Information for Investors Contact
7	About Anadolu Group	20	Risks		
7	About Faber-Castell	21	Summary Balance Sheet		
7	Direct or Indirect Subsidiaries & Shareholding Interests	22	Summary Income Statement		

## Adel in Brief

### THE BIGGEST

Adel's manufacturing plant is the industry's biggest not just in Turkey but also in the region.



#### Turkey's premier stationery manufacturer

In 1969 Adel Kalemcilik opened its factory in İstanbul's Kartal township, embarking on a journey that would see it become Turkey's most respected stationery brand and the first name in stationery that comes to mind. Earning the trust of consumers with high-quality, reliable products, Adel today is the country's biggest and most modern stationery manufacturer and continues to grow strongly as a member of Anadolu Group.

Having collaborated with the world's oldest manufacturer of wood-cased pencils Faber-Castell since 1969, in 1995 the two companies strengthened their relationship through a partnership whose investments continue to create added value for Turkey.

Since 2015, Adel has been conducting its manufacturing operations at a 36,000 m<sup>2</sup> plant

in Çayırova that is the industry's biggest not just in Turkey but also in the region. Adel's R&D Center, which became operational in 2019, enhances the company's product innovation and development capabilities, which in turn supports its production competencies.

Backed by half a century of operational experience, Adel Kalemcilik also manages an extensive portfolio of high-quality stationery products made by such well-known brands as Faber-Castell, Graf von Faber-Castell, Adel, Atlas, Max, Panfix, and Citizen. It also markets and sells a range of toys manufactured under licensing agreements with some of the world's leading toymakers such as Playgro and Sluban.

Readily responding to home market demand as a result of its high production capacity and diverse offerings, Adel also exports goods to more than forty countries. Some of the Faber-

Castel branded products that it makes are likewise exported to a number of countries.

Adel is a prominent and effective representative of Turkey's stationery manufacturing industry in a number of national and international trade associations. The company has been a member of the European Pencil Manufacturer's Association (EPMA) and of the European Writing Instrument Manufacturer's Association (EWIMA) since 1999. It is the only Turkish company to be a member of both. Adel is a member of the TÜKİD trade association of domestic stationery manufacturers in its home market.

Having played an important role in the development of successive generations, Adel's vision, responsible production practices, innovation, and product portfolio all position it as a leader in the stationery industry's future.

## Vision

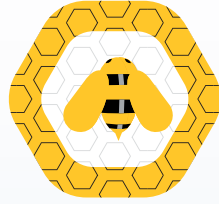
To be part of the life of everyone who wants to shape, colorful of their own dreams and leave a mark in future

## Mission

To be an international company that supplies high-quality, innovative products and services, is socially and environmentally responsible, and is ethical in its behavior.







## Leave a Mark



with Quality

LEAVE A MARK



with Inventiveness

LEAVE A MARK



with Goodness

LEAVE A MARK



with Passion for Success

LEAVE A MARK

## Values

### Quality

Effectiveness, Reliability, Performance

### Innovation

Forward-looking, Open to change and development, Technologically adept, Creative, Pioneering, Venturesome, Inquisitive

### Goodness

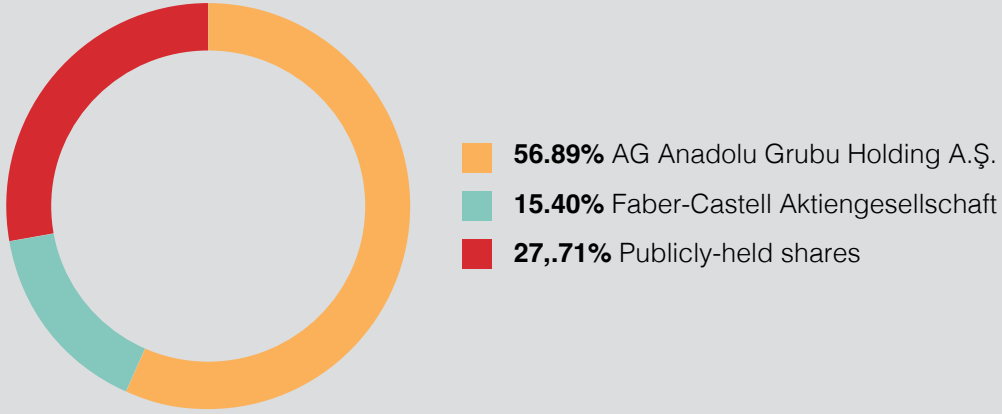
Sensitive, Thoughtful, Responsible, Fair, Promotes professional & personal development

### Success

Self-motivating, Competitive, Ever-improving, Results-focused, Collaborative, Knowledge-sharing, Initiative-taking, Accountable



## Shareholder Structure



The company had a total capital of 23,625,000 Turkish liras as of 31 December 2022. This capital was divided into 23,625,000 shares, each with a par value of TL 1.00. Of these shares, 3,637,941 were registered in the name of their owners while the remaining 19,987,059 were bearer instruments. The registered shares are required by Turkish foreign-investment regulations.

The following table lists the personal or trade names of shareholders that own more than 10% of the company's capital, the number of shares they own, and the percentage of their ownership.

Shareholder	Share	Share ratio %
AG Anadolu Grubu Holding A.Ş.	13,439,211	56.89
Faber-Castell Aktiengesellschaft	3,637,941	15.40
Publicly-held shares	6,547,848	27.71





## About Anadolu Group

Anadolu Group operates with the vision of being “The star that links Anatolia to the world and the world to Anatolia” and maintains its activities in 7 sectors (beer, soft drink, retail, agriculture, automotive, stationery and energy) and in 19 countries with approximately 80 companies, 86 production facilities, 6 R&D centers and more than 80,000 employees. The Group, which was founded by Yazıcı and Özilhan families in 1950, is a driving force of Turkish economy with its financial assets, its strong production capacity and the projects it is involved with. It acts in accordance with its mission of being a multinational and entrepreneurial group through its partnerships with leading brands and companies of the world such as AB InBev, The Coca-Cola Company, Faber-Castell, Isuzu, Kia, Honda, Honda Marine, Kohler, Johns Hopkins Medicine. With assets worth TRY 182.2 billion in value in 2022, the Group booked a total turnover of TRY 178.0 billion on its operations.

Anadolu Group manages its environmental, social and corporate governance activities in the strategic areas “future” of Nature, Business and People, with the sustainability strategy “From Anadolu to the Future”. Within the context of its social responsibility, the Group is involved in several areas like agriculture, education, health, sports, culture, arts and tourism and also contributes to the society through its social organizations; Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

Anadolu Group strives to produce value in sustainable manner and consistently achieves a rapid and healthy growth through its commitment to a culture of partnership with global brands and international companies, its expertise in branded consumer products, its experience and strength as regional player in a broad geography and its understanding of strong corporate governance.

The shares of six members of Anadolu Group (including Anadolu Holding) are traded on Borsa İstanbul.

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## About Faber-Castell

Faber-Castell is one of the most environmentally friendly companies in the world because it uses wood, a renewable resource, to make its pencils. The company is also committed to protecting and replanting forests, including the Amazon rainforest, which is considered the lungs of the world and plays a vital role in preventing global warming. In addition, by cultivating more than two million trees a year in its own nurseries, Faber-Castell maintains a 10-year production cycle that ensures the sustainability of its supply of wood while also helping to protect the environment.

With more than 250 years of experience in business, Faber-Castell is a global brand that successfully blends tradition with the future and experience with innovation. A leading name in its sector with a proven track record of quality and continuity, Faber-Castell is committed to remaining a lifelong friend of consumers in the future as well.

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## Direct or Indirect Subsidiaries & Shareholding Interests

The company controls stakes of 7.67% (historical cost: TL 3,833.36) in Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. in Turkey and of 50% (RUB 208,500,000) in Moscow-headquartered LLC Faber-Castell Anadolu in the Russian Federation. Neither is currently operational.

## CEO's Message



On 6 February 2023 a devastating earthquake struck the southeast of our country, causing widespread death and destruction and deeply saddening us all as a nation. May God have mercy on the souls of those who perished. To the survivors we send our earnest wishes for a speedy recovery. This tragedy has shown us the importance of social solidarity. Anadolu Group made a wholehearted and concerted effort to help those affected by the earthquake, with a particular focus on the needs of children. We are currently providing support to disaster recovery efforts and projects and will continue to do so.

The challenging business environment that we faced in 2022 persisted into the first quarter of 2023. Despite the high inflation that continued to plague the national economy

and our lives, Adel Kalemçilik got off to a strong start in the new year, achieving all of its trade fair attendance and order-taking targets.

Unfortunately, the devastating earthquake that struck in February caused immense destruction and loss in eleven provinces, inevitably impacting on our Q1 2023 operations. All marketing and sales activities in areas affected by the earthquake were postponed to later dates and instead, dealer and retailer meetings were organized to strengthen the spirit of solidarity in the stricken region.

**The company's successful financial results are a testament to the management team's skills and abilities.**

We use our extensive market experience to develop long-term financial strategies that help us maintain operational

profitability and positive cash flow and also minimize the impact of the cyclical nature of our business processes. To stay competitive in an economy with spiraling inflation and declining purchasing power, we must effectively manage pricing policies and sales channels in line with consumer behavior, chart a course that focuses on growth, and shape our product portfolio accordingly.

Our 2023 first-quarter financial results show that we are continuing to build on the success we achieved in 2022: quarter-on-quarter net sales were up by 149% and amounted to TL 308.9 million. Our gross profit was TL 179.4 million on a gross profit margin of 58%, 7 points higher than what it had been in Q1 2022, while our EBITDA margin increased by 14 points to 34%. Paralleling improvements in gross profit margin and EBITDA

Our 2023 first-quarter financial results show that we are continuing to build on the success we achieved in 2022.

## Effective financial management

We use our extensive market experience to develop long-term financial strategies that help us maintain operational profitability and positive cash flow

performance, we showed a net profit of TL 37.9 million, thus reversing the previous quarter's net loss. The company's Q1 net debt to EBITDA ratio improved from 8.6 in 2022 to 1.9 in 2023 thanks to all these favorable developments.

### **We want to make the future better for young people today.**

Adel's Goodness Tree Corporate Social Responsibility Program (CSR) supports socially-beneficial projects, especially those that contribute to the realization of two United Nations 2030 Sustainable Development Goals: Quality Education (SDG 4) and Climate Action (SDG 13). Adel monitors the positive impact of its previous projects and is committed to achieving even more through such projects in the future.

Our CSR activities are driven by a desire to increase social responsibility awareness. We believe that social responsibility is a core and unchanging element of our management approach and we have internalized it throughout our company. We want to extend social responsibility awareness to every supplier and customer in our value chain and throughout society as a whole. Our social responsibility management system has been certified as effective by Amfori Business Social Compliance Initiative (BSCI).

### **We are committed to healthy, sustainable growth.**

Looking ahead to 2023, we are confident that our strong first-quarter sales and EBITDA performance will continue throughout the year. We expect

to register even better results than in 2022 thanks to double-digit growth. Our performance in the period ahead will depend on our adherence to prudent policies and effective risk management. We will also need to maintain disciplined balance sheet and cash flow management and ensure that cost improvements impact favorably on operational profitability through proper exchange rate management.

In closing, I thank our business partners, shareholders, investors, and other stakeholders for their contributions to our successful results. I would especially like to thank our employees for their hard work and dedication.

**Ahmet Oğuz Uçanlar**  
CEO

# Management and Organizational Structure

The current members of the Adel Kalemcilik Board of Directors were elected for one-year terms at the 13 April 2023 general meeting during which the company's 2022 results were also discussed. They will remain in office until the first annual meeting is convened to discuss the company's 2023 results. The duties and authorities of the Board of Directors are as set forth in the Turkish Commercial Code.

Board of Directors	Position
Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice Chairman
Tuğban İzzet Aksoy	Board Member
Efe Yazıcı	Board Member
Mehmet Hürşit Zorlu	Board Member
Recep Yılmaz Argüden	Board Member
İbrahim Tamer Haşimoğlu	Board Member
Charles Alexander Von Faber-Castell	Board Member
İzzet Karaca	Independent Board Member
Tayfun Bayazıt	Independent Board Member
Ali Galip Yorgancıoğlu	Independent Board Member
Mehmet Ercan Kumcu	Independent Board Member

## Committees Established under the Board of Directors

Audit Committee	Corporate Governance Committee	Early Detection of Risk Committee
Mehmet Ercan Kumcu - Chairman	Mehmet Ercan Kumcu - Chairman	Ali Galip Yorgancıođlu - Chairman
Ali Galip Yorgancıođlu - Member	Mehmet Hurşit Zorlu - Member	Tuđban İzzet Aksoy - Member
	İbrahim Tamer Haşimođlu - Member	İzzet Karaca - Member
	Recep Yılmaz Argüden - Member	
	Fatih Çakıcı - Member	

## Senior Management

Ahmet Ođuz Uçanlar	CEO
Yasemen Güven Çayirezmez	CFO
Tamer Ünsal	Sales Director
Nazlı Ercilli Soylu	Marketing Director
Salih Emre Kavukçuođlu	Human Resources and Quality Director
Zülfü Tunç	Supply Director
Ali Anıl Atal	Business Development and Innovation Director
Mehmet Erdemli	Information Technologies and Services Director

## Financial benefits given to senior executives

The company's senior executives are the President of the Agriculture, Energy & Industry Group and the General Manager and all managers who report directly to the CEO. During January-March 2023, the total value of all benefits provided to senior executives was TL 10,423 thousand.



## Adel's Position in the Sector



With 100% and 97% recognizabilities respectively the Faber-Castel and Adel brands are the stationery industry's leading players.



The stability and growth potential of Turkey's stationery market are ensured both by the country's youthful demographics and by an educational system in which some 26 million students ranging from preschool to post-graduate are enrolled. Office supplies were once used primarily in businesses but demand for them is increasingly coming from households, where they have become a necessity in a post-pandemic work-from-home world. In addition, more and more consumers are opting for ecofriendly products as people everywhere become more environmentally conscious.

With numerous players, many of whom are global actors, and import-heavy, Turkey's stationery market is an intensely competitive one. Adel however leads the market thanks both to its production capabilities and to the knowledge and experience of more than half a century in business. The company's chief advantages are high domestic production capacity, reputation as the most-preferred consumer brand, product quality and

reliability, distribution efficiencies, and financial strength.

Adel's social responsibility management system, which is required for exporting goods to EU countries and which has been certified as effective by Amfori Business Social Compliance Initiative (BSCI), gives the company an additional competitive advantage.

Making the best use of the growth opportunities offered by the market, Adel sets itself apart from its competitors by focusing on sustainability and product safety throughout the production cycle. This is done out of a sense of responsibility to the large audience it serves.

Consumer market research\* results show that Adel is the sector leader by a wide margin. Its own Adel brand is recognized by 97% of consumers and Adel branded products have been used at least once by 74% of them. This market penetration is surpassed only by the company's Faber-Castell brand, which is recognized by 100% of consumers and used by 97% of them.

## Product safety and quality

Product safety and quality are what set Adel apart from its competitors.

\*Ipsos Brand Health Tracking 2021 survey.

# Assessment of Operational and Financial Results



Adel's Q1 2023 performance was in line with both expectations and targets.



### **Adel is distinguished by its production and brand strengths.**

A leader of its sector with strong production capacity and technological know-how, new products and solutions that Adel develops at its R&D center help keep the company ahead of its competitors.

Constantly innovating, Adel introduces 250 or so new products every year. It also invests in R&D in its ongoing efforts to improve its materials and manufacturing processes in ways that are both economically and environmentally sustainable. Patent-awarded machinery

designed and developed by Adel itself sharpen the company's competitive edge in the market.

Adel is a leading manufacturer of a wide range of stationery and art supplies including wood-cased pencils, paint and copy pens, ballpoint pens, rollerball pens, felt-tip markers and pens, crayons, watercolors, erasers, pencil sharpeners, finger paints, playdough, and gouache paints. Adel's products are known for their high quality, durability, and affordability.

In addition to its own products, Adel also markets and sells nearly 4,000 products made by the world's leading stationery and toy manufacturers.

## **R&D and manufacturing competencies**

Adel's R&D and manufacturing expertise is evident in its nearly 1,000 product offerings.



## Assessment of Operational and Financial Results

Adel conducts its operations within the framework of the following certifications:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- BSCI Business Social Compliance
- Zero Waste

### Product safety and management systems are in place at every stage of Adel's production operations.

Adhering to a responsible production approach and making product safety central to its production processes, Adel has 10 thousand product-safety and 30 thousand product-quality tests conducted every year on average in fulfillment of its "We will never sell anything that we wouldn't let our own kids use" promise.

Adel is committed to producing high-quality products that touch people's lives, shape their dreams, and have a positive impact on the future. Heedful of complying with all management system standards in the conduct all of its operations, Adel therefore sets compliance targets and devotes resources to their fulfillment, ensures that all employees are made aware of standards and of the necessity of owning and complying with them, and strives to constantly improve and develop process performance.

### Adel got off to a strong start in 2023.

Thanks to successful trade fare attendances early in the year, Adel performed strongly in the first quarter of 2023. The company's dealers and retailers at fairs held in nineteen provinces booked orders which were in line with expectations and targets.

Trade fairs in cities affected by the 6 February earthquakes necessarily were postponed but dealer and retailer meetings were organized to strengthen the spirit of solidarity in the stricken region. These gatherings will likewise continue in the period ahead.





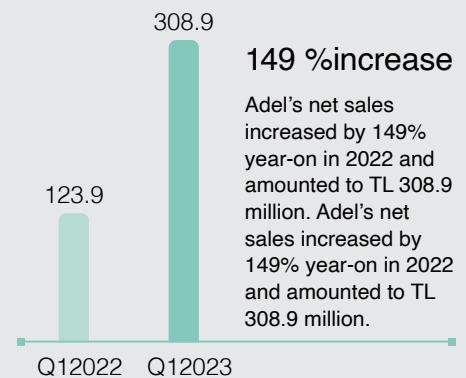
## Sales

A comparison of Adel's Q1 2022 and Q1 2023 net sales broken down by product category is as follows:

Net Sales (TL thousand)	January-March 2022	January-March 2023	Change (%)
Domestic sales	114,150	294,200	158
International sales	9,714	14,658	51
<b>Total</b>	<b>123,864</b>	<b>308,858</b>	<b>149</b>



## Net Sales (million TL)



### Adel's business is cyclical in nature.

The dynamics of the stationery industry in Turkey are cyclical, with peak demand being determined by school openings and closures and by dealer and retailer stock replenishments. Customers typically place orders for the current year during its first quarter. These orders are manufactured as required and shipped during the second

quarter to ensure that there are sufficient stocks of products available to meet the surge in consumer demand in the third quarter when schools reopen.

Each year, Adel accepts orders for goods from retailers attending first-quarter trade fairs. Depending on their nature, these goods may be manufactured by Adel itself or imported. The company requires customers to provide a bond or other form of

collateral sufficient to cover the value of their orders; the orders themselves are shipped by the end of the third quarter.

Owing to the cyclical nature of its business therefore, the company's net debt and net operating capital requirements typically peak at the end of the third quarter. Towards the end of the year however, both return to normal levels.

## Assessment of Operational and Financial Results

### Assessment of 2023 1st Quarter Financial Results

(TL thousand)	2022Q1	2023Q1	%
Net Sales	123,864	308,858	149%
Gross Profit	63,490	179,419	183%
EBITDA	25,388	105,369	315%
Net Profit/(Loss)	-6,455	37,905	n.m.
Net Working Capital	241,975	258,360	7%
Net Financial Debt *	217,219	199,244	-8%
Free Cash Flow	-45,268	-2,660	n.m.
Gross Profit Margin	51%	58%	
EBITDA Margin	20%	34%	

\* Within the scope of TFRS16, right-of-use assets and financial lease liabilities are not included in total borrowings.

## Growth

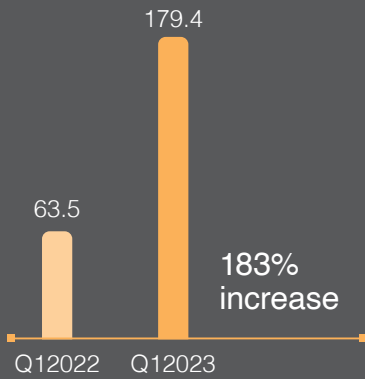
Adel 2023 exhibited a strong growth performance in the first quarter and achieved successful results in terms of profitability.

### Net Profit (TL million)



In the first quarter of 2023 we showed a net profit of TL 37.9 million, thus reversing the net loss in the first quarter of 2022. This improvement was driven by increases both in our gross profit margin and in our EBITDA performance.

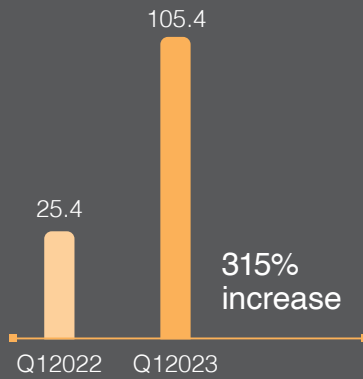
Gross Profit (TL million)



Gross Profit Margin, %



EBITDA (TL million)



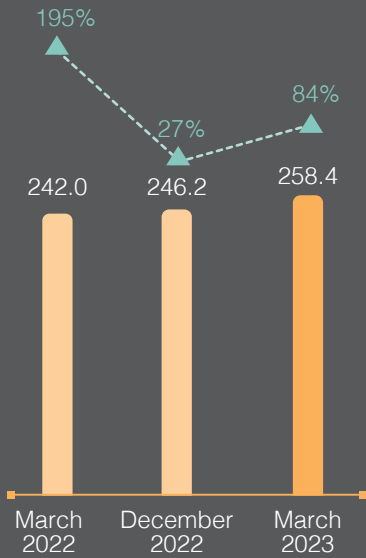
EBITDA Margin, %



Although like the rest of the world Turkey also continued to be plagued by inflation in the first quarter of 2023, our company's gross profit nearly tripled year-on and amounted to TL 179.4 million. This was on a gross profit margin of 58%, seven percentage points higher than what it had been in Q1 2022.

First-quarter 2023 EBITDA was more than four times that of Q1 2022 and weighed in at TL 105.4 million with an EBITDA margin of 34%.

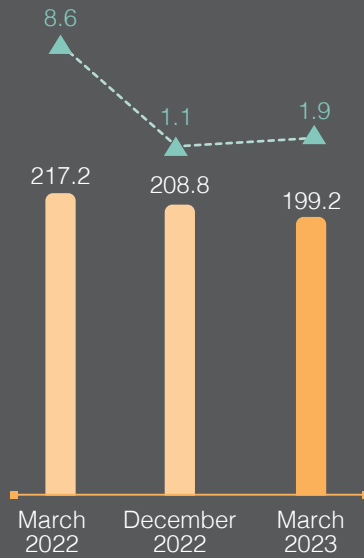
Net Working Capital (TL million)



Net Working Capital (TL million)  
Net Working Capital/Net Sales

As of the end of March 2023 our net working capital requirement was TL 258.4 million. The NWC requirement to net sales ratio, which was 195% at end-March 2022, was down to 84% as of end-March 2023. Despite the high increase in our sales and profitability, our NWC increased by 7% compared to the first quarter of 2022.

Net Financial Debt (TL million)

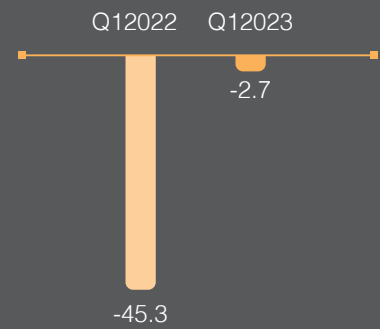


Net Financial Debt (TL million)  
Net Financial Debt/Net Sales

As of 31 March 2023, the company's net debt was TL 199.2 million, a decrease of 8% from the previous year. Excluding interest accruals, the actual decrease was 16%.

The company's Q1 net debt to EBITDA ratio fell from 8.6 in 2022 to 1.9 in 2023. This was due to continued improvements in profitability and to effective balance sheet management.

Free Cash Flow (TL million)



As of 31 March 2023, our company had a negative free cash flow of TL 2.7 million.



# Risks

**Financial risks:** Due to the need for significant amounts of operating capital during the first nine months of a year, the company's financial statements are vulnerable to changes in interest rates that reflect geopolitical risks as well as movements in the country's macroeconomic indicators. The company has a policy of keeping its borrowing rates below market rates and it takes precautions to ensure this in a forward-thinking manner. Despite higher interest rates and changes in regulations governing credit use, bank loans contracted in the last quarter of 2022 and alternative

financing instruments such as corporate bonds issued in the first quarter of 2023 kept the company's effective borrowing rate below the market rate. Given current market uncertainties, the company plans to diversify its sources of financing and to continue making use of alternative financing instruments for the rest of 2023.

**Currency risk:** The company's risk management policy requires it to hedge at least 50% of its currency risk exposure. As of 31 March 2023, the company had no currency risk exposure.

**Credit risk:** The company accepts postdated checks as a form of payment for orders placed by dealers during sales campaigns or trade fairs. When goods are shipped, most of these dealer checks are either transferred to the direct-debiting system or converted into customer checks. Remaining dealer credit risks are secured by collateral such as mortgages, credit card charges, and letters of guarantee. Due to its practice of doing business in this way, the company is therefore not exposed to significant credit risk. A great portion of its collateral risk is covered by DBS accounts.

## 2023 SECTORAL AND FINANCIAL OUTLOOK

The company's 2023 strategic business plan aims to achieve the following goals:

- Double-digit growth in net sales and EBITDA performance
- Achieve a gross profit margin higher than 2022's
- Manage the balance sheet proactively and generate positive free cashflow.

## Summary Balance Sheet

(TL thousand)	31.12.2022	31.03.2023
Cash and equivalents	292,369	423,183
Short-term financial investments	-	50,260
Trade receivables	56,428	160,855
Inventories	240,774	360,425
Other current assets	52,913	81,508
<b>Current Assets</b>	<b>642,484</b>	<b>1,076,231</b>
Financial investments	4	4
Tangible assets	108,365	111,926
Intangible assets	15,484	14,481
Other non-current assets	42,202	51,338
<b>Non-Current Assets</b>	<b>166,055</b>	<b>177,749</b>
<b>Total Assets</b>	<b>808,539</b>	<b>1,253,980</b>
Short term borrowings	486,890	491,646
Short term portion of long term borrowings	17,199	177,520
Trade payables	57,815	110,594
Other current liabilities	46,136	233,834
<b>Current Liabilities</b>	<b>608,040</b>	<b>1,013,594</b>
Long term borrowings	28,260	40,526
Long term provisions	37,938	25,639
<b>Non-Current Liabilities</b>	<b>66,198</b>	<b>66,165</b>
<b>Equity</b>	<b>134,301</b>	<b>174,221</b>
<b>Total Liabilities &amp; Equity</b>	<b>808,539</b>	<b>1,253,980</b>



## Summary Income Statement

(TL thousand)	1 January- 31 March 2022	1 January- 31 March 2023
Revenues	123,864	308,858
Cost of sales (-)	(60,374)	(129,439)
<b>Gross Profit</b>	<b>63,490</b>	<b>179,419</b>
Operating expenses (-)	(42,248)	(90,446)
Other Operating Income /Expense (net)	(3,284)	(1,735)
<b>Operating Income</b>	<b>17,958</b>	<b>87,238</b>
Income /(expense) from investment operations	-	(121)
Financial income/(expense)	(20,389)	(30,076)
<b>Income/(Loss) Before Tax from Continuing Operations</b>	<b>(2,431)</b>	<b>57,041</b>
Tax income/(expense)	(4,024)	(19,136)
<b>Net Income/(Loss)</b>	<b>(6,455)</b>	<b>37,905</b>
<b>EBITDA</b>	<b>25,388</b>	<b>105,369</b>
Profitability Ratios	1 January- 31 March 2022	1 January- 31 March 2023
Gross Profit Margin	51%	58%
Operating Profit Margin	14%	28%
Net Profit Margin	-5%	12%
EBITDA Margin	20%	34%
Market Capitalization as of March 31 <sup>st</sup> (TL thousand)	647,325	2,409,750

## Forward-Looking Statements Disclaimer

This document contains forward-looking statements concerning future performance and should be regarded as the company's good faith assumptions about the future. Such forward-looking statements reflect management's expectations based on currently available information at the time they are made. Adel Kalemciilik's actual results are subject to future events and uncertainties that may significantly affect the company's performance.

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## Employee Compensation and Benefits

As of 31 March 2023, Adel had an average of 407 employees on its payroll. Of these, 172 were white-collar employees and 235 were blue-collar employees.

The provision set aside to cover employees' severance pay entitlements decreased by TL 15,157 thousand during the first quarter of 2023. This brought the total amount in the provision to TL 22,781 thousand.

A total of TL 80,770 thousand was paid to employees as salaries, wages, bonuses, and other benefits during the first quarter of 2023.

## What Are We Doing for the Future of Our Planet?



Adel has adopted a sustainability-management approach that aims to eliminate its social, environmental, economic and governance risks.

Since its inception, Adel has been committed to creating value and social benefit for all of its stakeholders through its operations. Adel's Goodness Tree program contributes to environmental and social sustainability by supporting the United Nations' quality-education and climate-action Sustainable Development Goals. The company undertakes a variety of sponsorship and social responsibility projects that align with its own core corporate value of "goodness."

Aspiring to be a company that is consulted on education-related issues, in 2012 Adel partnered with the Teachers Academy Foundation (ÖRAV) to support quality education and contribute to social progress and the good upbringing of future generations. Two of the most outstanding of these are:

- "Creative Child = Creative Mind", a workshop program

that helps teachers discover their own creativity and provides them with the skills and resources they need to foster creativity in their students.

- "Teachers Who Change Lives", an online platform that connects teachers with new educational models and resources and empowers them to teach more creatively and engagingly.

Recognizing the devastating impact of the Covid-19 pandemic on teaching and learning, Adel devoted even more attention to the critically important preschool period. In 2021 Adel launched 1500Kelime.com, a website that provides resources that support vocabulary acquisition and use in children, which in turn supports their intellectual development before they start school and thus readies them for a brighter future. A study of the 1500Kelime.com's impact found that 95% of teachers who accessed it said they would recommend the resource to others. In 2022, the

website was honored with eleven national and international awards from highly respected educational institutions.

In another bid to support quality education in Turkey through its Goodness Tree corporate social responsibility program, Adel has been collaborating with various NPOs to distribute school supplies to children in need since 2016. To date, hundreds of thousands of schoolchildren have benefited from the learning and teaching resources made available to them through Goodness Tree.

Adel is committed to environmental awareness and responsibility as a key objective of its corporate mission. To achieve that objective, the company develops policies, systems, and processes that focus on environmental protection and climate change mitigation. Adel sets itself various targets to systematically manage fundamental environmental and climate-related issues such as energy; greenhouse gas

## Social benefit

Since its inception, Adel has been committed to creating value and social benefit for all of its stakeholders through its operations.



emissions and air pollution; water, sewage, and waste management; biodiversity conservation; and materials use. It also strives to constantly improve its performance in addressing these issues.

Adel also attaches importance and allocates resources to social gender equality issues (SDG 5). Women make up about 30% of its workforce, which is well above average in its sector. As a result of its having complied with workforce gender-equality criteria defined by İş Asset Management

and the Center for Gender Studies at Koç University, Adel's publicly-traded shares are quoted in the İstanbul stock exchange's ISKDN index of companies that actively recruit women into their workforce and empower them to have more say in management.

Adel, a manufacturer of durable, ergonomic Faber-Castell branded products beloved by successive generations, has introduced its "Anatolian Heritage" line of pencils. These pencils promote environmental

and biodiversity awareness among schoolchildren. The wooden casings of these pencils are decorated with drawings of Anatolian wildlife species that are threatened or endangered such as the reed cat (*Felis chaus*), the Anatolian mountain crane (*Grus grus archibaldii*), the loggerhead turtle (*Caretta caretta*), and the Anatolian ground squirrel (*Spermophilus xanthoprimum*).

Adel contributes to the realization of SDG 13 Climate Action and invests in the future by:

- Planting trees through the Goodness Tree Afforestation project that it launched to mark the 100th observance of Turkey's April 23 National Sovereignty and Children's Day. This project helps to expand woodlands and ensure that they are passed on to future generations.
- Using rainwater to water the grounds around its manufacturing plant and using wood shavings and sawdust from its pencil-manufacturing operations as a renewable fuel for generating half the electricity needed by the plant. This helps conserve water resources and supports the circular economy.
- Using only wood harvested from trees certified by the Forest Stewardship Council (FSC) Chain of Custody as having been raised for industrial purposes in the manufacture of pencils. This helps conserve the world's forest resources and protects natural habitats.

## Information for Investors

Adel Kalemcilik has been listed under the ticker symbol “ADEL” on the İstanbul stock exchange since 1996. 27.71% of the company’s shares are included in the BIST ALL SHARES, BIST 100, BIST INDUSTRIAL, BIST ISTANBUL indexes.

The Investor Relations Unit manages communication between the Board of Directors and shareholders. Its primary focus is to ensure the effective exercise of shareholder rights. The IRU’s duties include publishing material event disclosures as required by capital market regulations, publishing periodic informational announcements for the benefit of investors, managing the content of the company’s website, preparing annual reports, and responding to shareholders’ written and verbal requests for information.

The Adel Kalemcilik Corporate Governance Committee is responsible for overseeing the Investor Relations Department. The committee defines standards for all public disclosures and basic investor relations principles. It reviews these standards and principles, as well as compliance with them, on an annual basis. The committee makes recommendations concerning these matters to the Board of Directors as necessary. The Investor Relations Department prepares a report on its activities and submits it to the Corporate Governance Committee every time the committee convenes.

### Credit Rating

JCR Eurasia Rating (JCR-ER) assigned Adel Kalemcilik a long-term national credit rating of “AA- (tr)” and a short-term national credit rating of “J1+ (tr)” on 29 August 2022. Both ratings have a “Stable” outlook.

JCR Eurasia Rating (29 August 2022)	Note	Outlook
Long-Term National Credit Rating	AA- (tr)	Stable
Short-Term National Credit Rating	J1+(tr)	Stable
Long-Term International Foreign Currency Credit Rating	BB	Negative
Long-Term International Local Currency Credit Rating	BB	Negative

Investor Relations Contact Information			
	<b>Yasemen Güven Çayırmezmez</b> CFO	<b>Pelin İslamoğlu</b> Reporting and Investor Relations Manager	<b>Fatih Çakıcı</b> Accounting Manager
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## Dividend Policy

Adel Kalemcilik allocates profits and pays dividends in accordance with its articles of association, subject to the requirements of Turkish commercial, capital market, tax, and other applicable laws, regulations, and administrative provisions. It is the company's policy to distribute at least 50% of its distributable profit to shareholders in the form of cash dividends and/or bonus shares each year. Implementation of this policy however is subject to the need for investments and other funding to support the company's long-term growth and may therefore be modified or suspended in the event of extraordinary developments in economic conditions. The Board of Directors passes a dividend-recommendation resolution for each fiscal year and submits it to the General Assembly of Shareholders for their approval. The general assembly sets the date for the start of dividend distribution but that date must be before the end of the year in which it is set..

## General assembly of shareholders

Adel Kalemcilik's general assembly of shareholders convened in ordinary session to discuss the company's 2022 results on Thursday 13 April 2023 at 14:00. The meeting was held at Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No: 58 Buyaka E Blok 34771 Tepeüstü Ümraniye İstanbul. The meeting was conducted under the supervision of trade ministry representative Ayten Kurşun pursuant to İstanbul Directorate of Trade letter E-90726394-431.03-00084536604 dated 12 April 2023.

The meeting's invitation and agenda containing all the information required by law and by the company's articles of association had previously been published in the 22 March 2023 10795 issue of Türkiye Ticaret Sicili Gazetesi, in the 22 March 2023 issue of Nasıl Bir Ekonomi?, a newspaper circulating in Turkey, and on the Public Disclosure Platform and the company's corporate website at [www.adel.com.tr](http://www.adel.com.tr). Registered letters return receipt requested were also sent to registered shareholders from the Kocaeli Gebze Plastikçiler OSB branch of PTT on 22 March 2023 informing them of the meeting's date and agenda. All these announcements were made within the period of time prescribed by law.

The Adel Kalemcilik Board of Directors resolution of 20 March 2023 setting the general meeting's date and agenda was published as a material event disclosure on the Public Disclosure Platform and on the [www.anadolugrubu.com.tr](http://www.anadolugrubu.com.tr) corporate website. An Annual General Meeting Information Document conforming to corporate governance principles was also published on the Public Disclosure Platform and the company's corporate website on 22 March 2023. Adel Kalemcilik's 2022 annual report was published on the Public Disclosure Platform and the company's corporate website on 28 February 2023. It was also made available for the inspection of shareholders at the company's headquarters as of the same date.

On the same day that the general meeting was announced, Adel Kalemcilik also published factually accurate information about the total number of shares in the company and their voting rights on its corporate website.



## Yatırımcı Bilgileri

As of the date on which the general meeting agenda was prepared, no shareholders had submitted any written requests to the Adel Kalemcilik Investor Relations Department about any issues that they wished to have included in the agenda; neither had the Capital Markets Board, or any other agency or organization with which the company interacts request that any item be placed on the agenda.

To facilitate shareholder participation in general meetings, a proxy voting authorization form and minutes of the five most recent annual general meetings are published on the Adel Kalemcilik corporate website.

Before the meeting, the designated presiding officer made all preparations and gathered all information needed to ensure that the meeting was conducted in accordance with the requirements of the Turkish Commercial Code and of applicable laws, regulations, and administrative provisions.

During the meeting, company officers responded to shareholders' questions about items on the agenda.

The finalized and approved minutes of the general meeting were published as a material event disclosure on the Public Disclosure Platform and the Adel Kalemcilik corporate website.

The following resolutions were passed by shareholders at Adel Kalemcilik's 13 April 2023 general meeting:

- A resolution approving the Adel Kalemcilik Board of Directors 2022 annual report and financial statements
- A resolution approving payment of a total of TL 18,002,250.00 in dividends beginning on 27 September 2023 in line with CMB regulations and the Board of Directors' recommendation
- A resolution appointing Tuncay Özilhan, Kamilhan Süleyman Yazıcı, Tuğban İzzet Aksoy, Efe Yazıcı, Mehmet Hurşit Zorlu, Recep Yılmaz Argüden, İbrahim Tamer Haşimoğlu, İzzet Karaca, Tayfun Bayazıt, Ali Galip Yorgancıoğlu, Mehmet Ercan Kumcu, and Charles Alexander Von Faber-Castell to one-year terms of office on the company's board of directors and authorizing them to serve in that capacity until an annual general meeting is convened to discuss the company's 2023 results.
- A resolution ratifying the appointment of PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent public accounting firm responsible for auditing the company's 2023 accounts and transactions.
- A resolution acknowledging that shareholders had been duly informed about the company's charitable donations in 2022 and about any income or other benefits that the company received on account of any guarantees, pledges, mortgages, or sureties that the company granted to any outside party during 2022.

### Dividend payments

Adel Kalemcilik has been a consistent dividend payer since 2006.

At the company's annual general meeting held on 13 April 2023 to discuss the company's 2022 results, shareholders approved the payment of a total dividend in cash of TL 18,002,250 out of the company's unconsolidated net profit as determined in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards and as prescribed by CMB Communiqué II:41.1 concerning principles with which joint stock companies subject to the Capital Markets Law must comply. Shareholders who are resident taxpayers will receive a gross dividend of TL 0.762 (76.2% dividend) and a net (after-tax) dividend of TL 0.6858 (68.58% dividend) for each share of stock with a par value of TL 1.00 that they hold. Payments of these dividends will begin on 27 September 2023.

# Contact

## Adel Kalemcilik

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