

## Alarko Holding A.Ş. (“ALARK”)

**Alarko Holding A.Ş. (BIST: ALARK)**, one of the most respected conglomerates of the Turkish economy with its leading brands, extensive knowledge and experience in various fields, today announces its financial results for the second quarter of 2023.

### Comments from the CEO of Alarko Holding

Umit Nuri Yildiz, CEO of Alarko Holding, commented:

“We have started 2023 very strong, and achieved financial results above our budgets in this quarter as well. Over the past three years, we have managed to consistently increase our consolidated profit at the end of each quarter. During this period, even in challenging operating environments with limited visibility, we continued to announce successful outcomes. Alarko Holding's demonstrated execution capabilities, effective financial policies, and digitalization efforts have been the key elements behind these successes.

Since the beginning of the year and in line with our 2030 vision, we have continued to diversify our business segments. Through comprehensive research and studies in the Agriculture and Food Industry sector, our Company has rapidly become one of Turkey's largest organizations in modern and soilless greenhouse cultivation. The positive outcomes of investments made in this field have already been witnessed within the first 6 months, and their contribution is expected to further accelerate in the upcoming period.

Looking at the second quarter of the year, we have achieved highly successful results despite the election process and a challenging operational environment. Our second quarter consolidated profit has exceeded 3 bn TL with a 38% increase, and our consolidated profit for the first 6 months has reached 5 bn TL.

Throughout the rest of the year, both in our country and internationally, we will closely monitor central bank policies, commodity prices, and inflation. To mitigate the effects of these risks on our Group's operations, we will maintain our proactive approach by utilizing various risk hedging tools.

The process of digital transformation continues to integrate with our companies and operations. This transformation will set our Group apart in competition through efficient, lean, and technologically advanced operational processes. The integration of this transformation throughout the group, combined with increased operational efficiency, will ensure the continuation of our sustainable growth.

Alarko Holding possesses a strong business model and management that can improve its activities, increase its profit and efficiency, manage its balance sheet effectively, and continue to create long-term shareholder value. In this sense, we are committed to creating value for our shareholders and simultaneously enhancing our financial strength to sustain our operations”.

### Summary Financials\*

(TL mn)	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
Revenue	13,328	15,643	(15%)	28,897	26,356	10%
EBITDA	3,524	5,218	(32%)	7,696	8,284	(7%)
EBITDA Margin	26%	33%		27%	31%	
Net Profit	4,938	5,101	(3%)	17,613	7,495	135%

\* The figures represent the combined figures and before eliminations, while EBITDA as per company calculation

### Financial Highlights – Combined\*

- Sales revenue reached TL 13,3 bn, down by 15% in Q2 2023 over Q2 2022
- In Q2 2023, EBITDA came in at TL 3,5 bn, indicating an EBITDA margin of 26%
- Combined net profit came in at TL 4,9 bn in Q2 2023
- In Q2 2023, solo (holding only) net cash stands at TL 1,6 bn, whereas combined net debt stands at around TL 10,9 bn

\*Figures in this report represent the combined figures before eliminations, assuming full ownership in JV's and partnerships

In the 2nd quarter of 2023, combined revenue reached 13.3 billion TL, marking a 15% decrease compared to the same period last year. The decline in the energy sector and contracting industry played a significant role in this decrease in revenue, being the main contributing factors.

The main reasons for the decline in sales revenue during the period include limited production due to maintenance at our thermal plant in the energy production sector, limited production caused by drought in hydroelectric power plants, and lower electricity prices compared to the previous year in the energy sector. In the electricity distribution and retail sector, both decrease in the amount of distributed electricity and tariff adjustments have limited the increase in revenue

Combined EBITDA was realized at TL 3,524 mn in Q2 2023, whereas EBITDA Margin parked at 26.4%.

Combined net profit was recorded as TL 4,938 mn in Q2 2023 versus a net profit of TL 5,101 mn in Q2 2022.

The share of energy in total combined revenue reached 78% in Q2 2023. Energy segments contribution in combined EBITDA reached 84% in Q2 2023.

Total electricity generated by Alarko Holding in Q2 2023 was down by 23% compared to Q2 2022, mainly due to limited production at all facilities except our Gönen HES.

In the meantime, total power produced in the market in Q2 2023 demonstrated a contraction of 5,1% over Q2 2022.

Our thermal plant Cenal generated 1.651.432 MWh, indicating a contraction of 21% in Q2 2023. The maintenance period in existing 2 units have started in mid-March and finalized by mid-May. The lower in production in Q2 2023 is resulted from the regular maintenances throughout the period.

Due to lack of rainfall and drought in the region, power generation was down by 62% at Karakuz HES and produced 44.294 MWh in Q2 2023.

Revenue from electricity generation was down by 19% in Q2 2023. Average electricity price was realized at 1.769 TL and 87 USD per MWh in Q2 2023, representing a decrease of 10% and 31% over comparable period, respectively.

The revenue obtained from the electricity distribution and retail business segment reached 6.6 billion TL in the 2nd quarter of 2023, marking a 14% decrease. The main factors contributing to the decline in revenue were tariff adjustments in electricity prices and a decrease in the amount of distributed electricity.

Revenue from energy business was down by 16% in Q2 2023 over the comparable period in 2022.

The EBITDA obtained from the electricity production business was realized as 2.5 billion TL in the 2nd quarter of 2023, experiencing a 29% decrease compared to the same period last year. The decrease in EBITDA was primarily due to reduced production resulting from maintenance of the units located in CENAL and limited capacity service of the Karakuz Hydroelectric Power Plant.

Electricity distribution & retail business's EBITDA came in at TL 485 mn in Q2 2023.

Energy segment's EBITDA was down by 37% and reached TL 3,0 bn in Q2 2023.

The revenue obtained from the contracting business segment amounted to 1.421 million TL in the 2nd quarter of 2023, representing a 42% decrease compared to the same period last year.

As of end of June 30<sup>th</sup> 2023, backlog stands at US\$ 286 mn, where international projects account for 89% of the total backlog.

EBITDA from construction business realized at TL -214 mn in Q2 2023.

Net loss was realized at TL 169 mn in Q2 2023 over a profit of TL 144 mn in Q2 2022.

Revenue from land development business reached TL 36 mn in Q2 2023.

EBITDA generated from land development business was TL 265 mn in Q2 2023, versus TL 99 mn in Q2 2022.

Net profit realized at TL 284 mn in Q2 2023.

Revenue from industrial segment was TL 999 mn in Q2 2023, improving 74% over Q2 2022.

EBITDA generated from industrial segment was TL 96 mn in Q2 2023, representing a contraction of 24% over Q2 2022.

Net loss came in at TL 3 mn in Q2 2023 versus TL 85 mn in Q2 2022.

Revenue from tourism business reached TL 303 mn in Q2 2023.

EBITDA generated from tourism business was TL 147 mn in Q2 2023, whereas TL 76 mn was recorded as EBITDA in Q2 2022.

Net loss realized at TL 150 mn in Q2 2023 versus a loss of TL 45 mn in Q2 2022.

**Combined & Consolidated P&L**

Combined (TL mn)	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
Revenue	13,328	15,643	(15%)	28,897	26,356	10%
EBITDA	3,524	5,218	(32%)	7,696	8,284	(7%)
EBITDA Margin	26%	33%		27%	31%	
Net Profit	4,938	5,101	(3%)	17,613	7,495	135%

Consolidated (TL mn)	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
Revenue	1.813	1.757	3%	3.204	2.737	17%
EBITDA	1.494	448	233%	1.728	722	139%
EBITDA Margin	82%	26%		54%	26%	
Net Profit	3.090	2.234	38%	4.925	3.265	51%

**Consolidated B&S**

mn TL	2016	2017	2018	2019	2020	2021	2022	1H23	Change 1H23/FY22
<b>Current Assets</b>	<b>1.172</b>	<b>1.216</b>	<b>1.567</b>	<b>1.491</b>	<b>1.665</b>	<b>2.434</b>	<b>8.596</b>	<b>10.782</b>	<b>25%</b>
Cash and Cash Equivalents	430	348	438	346	375	840	5.089	1.586	-69%
Financial Investments	354	423	567	564	737	485	721	5.524	666%
Trade Receivables	65	129	162	317	297	535	1.626	2.025	25%
Inventory	135	156	228	107	113	279	586	730	25%
Other	188	160	172	156	142	295	575	916	59%
<b>Non-Current Assets</b>	<b>1.257</b>	<b>1.478</b>	<b>1.445</b>	<b>1.706</b>	<b>2.428</b>	<b>4.698</b>	<b>16.077</b>	<b>20.862</b>	<b>30%</b>
Investments Evaluated by Equity Pick-Up Method	425	647	423	604	1.188	2.471	11.740	14.528	24%
Investment Real Estate Properties	214	276	379	423	472	727	1.570	1.632	4%
Tangible Assets	518	471	410	352	365	892	956	1.597	67%
Other	100	84	234	327	403	608	1.811	3.105	71%
<b>Total Assets</b>	<b>2.429</b>	<b>2.694</b>	<b>3.012</b>	<b>3.197</b>	<b>4.093</b>	<b>7.132</b>	<b>24.673</b>	<b>31.644</b>	<b>28%</b>
<b>Current Liabilities</b>	<b>477</b>	<b>640</b>	<b>872</b>	<b>667</b>	<b>750</b>	<b>2.126</b>	<b>7.470</b>	<b>9.021</b>	<b>21%</b>
Short Term Borrowings	147	165	77	45	6	104	1.513	2.619	73%
Short Term Portions of Long Term Borrowings	77	74	91	103	94	61	41	12	-70%
Trade Payables	75	125	380	301	144	385	1.069	1.320	24%
Payables from continuing Construction, Contracting and Service Contracts	109	240	245	121	160	833	804	693	-14%
Other	68	37	79	97	344	743	4.044	4.377	8%
<b>Non-Current Liabilities</b>	<b>438</b>	<b>309</b>	<b>521</b>	<b>524</b>	<b>458</b>	<b>447</b>	<b>951</b>	<b>1.647</b>	<b>73%</b>
Long Terms Borrowings	188	122	207	196	100	52	141	166	18%
Other Payables	37	30	60	84	95	173	287	408	42%
Deferred Tax	70	82	130	149	145	122	160	253	58%
Other	143	76	124	96	119	99	363	820	126%
<b>Shareholder's Equity</b>	<b>1.514</b>	<b>1.744</b>	<b>1.620</b>	<b>2.005</b>	<b>2.886</b>	<b>4.559</b>	<b>16.252</b>	<b>20.976</b>	<b>29%</b>
<b>Total Liabilities and Shareholder Equity</b>	<b>2.429</b>	<b>2.694</b>	<b>3.012</b>	<b>3.197</b>	<b>4.093</b>	<b>7.132</b>	<b>24.673</b>	<b>31.644</b>	<b>28%</b>

**WEBINAR**

The company plans to host a webinar for all stakeholders and interested parties on Monday, August 21<sup>st</sup>, 2023 at 06:00 PM (TRT) / 3:00 PM (GMT) / 11:00 AM (EDT).

Relevant material will be available at the Investor Relations section of the Company's website at <https://www.alarko.com.tr/en/investor-relations/presentations-releases/webcast-presentation> on the same day.

There will be an online presentation with regards to Q2 2023 Results and a Q&A session will be available following the result presentation. Questions should be submitted via the platform and presenters will respond in order.

**Webinar Link:** Please visit [Webinar Link](#) and register 5 min ahead of the webinar.

**ABOUT ALARKO HOLDING**

Founded in 1954 as a limited partnership by İshak Alaton and Üzeyir Garih, Alarko was incorporated as a holding company in 1973 and went public in 1974. Today, the company is one of Turkey's leading industrial enterprises with a strong history of over 65 years and operations in 6 different fields of activity, 25 subsidiaries including an international joint venture, 7.500 employees and annual combined revenues of 74 billion TL as of end of 2022.

Alarko Holding is one of the most respected enterprises of the Turkish economy with its leading brands, extensive knowledge and experience in various fields, high-technology driven R&D investments, national sales network, international projects and ambition for global competition. Alarko Holding has become a symbol of trust and prestige with its corporate ethical values which have not been compromised since the very first day of its foundation, principle of superior quality in all products and services, and policy of investing in people.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

**ENQUIRIES**

For financial reports and further information regarding Alarko Holding, please visit our website at

<https://www.alarko.com.tr/en/investor-relations/overview> or you may contact:

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