

Q3 2024 Financial Results Bulletin

ISTANBUL, TÜRKİYE, 10 November 2024

**(BIST: KONTR)**

- * Significant growth in revenue and operational profit achieved.
- * As anticipated, high financing costs have put pressure on the net profit for the period.
- * We are on track to meet our 2024 Consolidated Revenue and EBITDA targets as planned.

	After Inflation Adjustment		
(Thousands USD)	9M 2024	9M 2023	Change
Revenue	154.162	94.664	62,9%
Gross Profit	36.983	10.035	268,5%
<i>Gross Profit Margin</i>	<i>23,99%</i>	<i>10,60%</i>	<i>13,3 pts</i>
Operating Profit	19.447	12.590	90,1%
<i>Operating Profit Margin (EBIT)</i>	<i>12,61%</i>	<i>13,30%</i>	<i>-0,7%</i>
Operating Activities Before Financing Cost	19.897	21.951	-9,4%
Profit from Continuing Operations	21.169	30.363	-30,3%
Net Profit	25.683	28.776	-10,7%
EBITDA(*)	33.163	26.500	25,1%
<i>EBITDA Margin</i>	<i>21,51%</i>	<i>27,99%</i>	<i>-6,5 pts</i>

. EBITDA calculation method: It is calculated by adding depreciation to the operating income.

>>The investor presentation, which includes the strategic roadmap, has been updated and is now available on the Kontrolmatik website

Operating Profit and EBITDA:

+ In addition to the impact of growth and the emphasis on international sales, we are optimizing costs to increase efficiency. This effect led our gross profit margin to reach 24.0% in 9M, showing a 13.4% increase compared to the same period last year.

+ The EBITDA margin exceeded the targeted 20% range in 9M 2024, reaching 28% in the first three quarters of the year, driven by foreign exchange gains on receivables and rising exchange rates. Despite exchange rate pressures on the profitability of exporters in 2024, the company was able to maintain strong EBITDA margin performance, thanks to its focus on operational efficiency and effective cost management.

+ Kontrolmatik continues to achieve cost savings by thoroughly reviewing its operational processes and remains committed to its profitability target despite ongoing investment in some subsidiaries. A clear example is the 63% increase in sales revenue compared to last year, while general administrative expenses were limited to a 31% increase.

- Despite effective cost management, increased sales and marketing activities in our subsidiaries with ongoing investments have pressured profitability.

New Orders/Sales:

+ In the first three quarters of 2024, a total of \$154 million in sales was achieved, representing a 63% growth compared to the same period last year.

+ Despite invoicing \$154 million from projects carried over from 2023 to 2024, the order backlog has increased with newly acquired business. The contract value under our obligation has reached approximately \$320 million, while our order backlog (the invoiced amount to be issued from projects we are committed to in the upcoming period) stands at \$230 million.

+ Due to the high interest rate environment, fixed capital investments in the Turkish market are advancing at a slower pace. At the same time, new business opportunities are anticipated in Kontrolmatik's target growth markets. In the first three quarters, the company secured several projects, particularly in the Middle East and Africa, with additional contracts expected to be signed soon in Africa, Europe, and the Americas. These are expected to make a significant contribution to the order backlog.

+ We have started to see a positive contribution from the revenues generated by our subsidiaries. There are strong indications that Türkiye's energy storage market will accelerate in 2025, supported by clearer regulations, easier access to financing, and other favorable factors. In this context, preliminary agreements have been signed with solar and wind energy investors.

+ Our subsidiary Pomega and Nordex Energy A.Ş., the leading wind turbine manufacturer in Germany, have signed a Memorandum of Understanding to establish a pioneering collaboration in the industry. Within the scope of this collaboration, the goal is to combine Nordex's nearly 40 years of expertise in the wind energy sector with Pomega's knowledge in LFP battery technology, along with the battery production capacities in Turkey and Germany. Nordex plans to commission wind-integrated storage facilities with a total capacity of 5 GWh worldwide in the coming years. Under this partnership, Pomega has committed to reserving a production capacity slot equal to the agreed capacity for Nordex's project until June 30, 2025, with an option to extend this date upon mutual agreement. The partnership aims to secure European financing for wind energy projects, integrating Nordex and Pomega products, while offering the opportunity to utilize export credit funds from European sources.

- The current business environment remains challenged by high interest rates and limited access to financing, leading to delays in end customers' investments. Consequently, our core business development activities remain focused on expanding exports.

Investments / Total Assets:

+ Total assets have reached a record high of \$568 million, marking a 22.6% increase compared to the end of 2023.

+ Investments that align with our long-term strategic goals have been prioritized, adopting a selective capital allocation approach. In this context, an additional investment of \$47 million was made in the first three quarters of 2024, bringing the total technology investments made since 2021 to \$267 million.

Sources / Total Liabilities:

+ Within the company's registered capital ceiling, approval has been obtained to increase the issued capital of 200,000,000 TL to 650,000,000 TL by raising 250,000,000 TL from internal sources and 200,000,000 TL in cash. The new capital amount has been reflected in our Q3 2024 balance sheet.

+ Our Board of Directors resolved on 31.10.2024 to increase our paid-in capital from TRY 650,000,000 to TRY 694,500,000 through a private placement without a public offering. As previously disclosed to the Public Disclosure Platform on 26.04.2022, 10.10.2022, 24.11.2022, 06.12.2023, and 26.06.2023, our shareholders provided the company with an interest-free loan amounting to TRY 2,410,000,000 (approximately \$98 million based on the Central Bank exchange rate on the relevant dates). This financing arrangement, in a period when access to financing is difficult and costly, reduced the interest and exchange rate costs the Company would have borne by TRY 1.6 billion and supported the growth of the Company's assets. Alongside this benefit, our shareholders have opted to convert this interest-free loan into equity through a private placement to strengthen the Company's equity and reduce its debt levels. The final value of this interest-free financing, based on the base price to be determined by the regulatory authority, will be specified in the regulatory bulletin following the application.

Future Outlook:

+ We continue to expand our core business and secure high-value projects by capitalizing on our technological and engineering expertise. Our consolidated revenue target of \$251 million for the end of 2024 remains unchanged.

+ We are closely monitoring a project portfolio worth over \$2.5 billion from the Middle East, Africa, and the Americas. The projects in our portfolio are carefully selected and prioritized based on high-value engineering content and payment guarantees supported by letters of credit or institutions such as the World Bank, KfW Development Bank, European Bank for Reconstruction and Development, or the Asian Development Bank.

+ A substantial portion of the projects and orders we have historically undertaken has been in foreign currencies. Although there was a shift towards Turkish Lira transactions in 2023, we have seen a consistent increase in the share of foreign currency projects, including the third quarter of 2024. While moving forward, the goal is to expand into new international markets, maintaining attractive profit margins and ensuring strong cash flows.

+ Our expectation continues that Türkiye's energy storage market will be triggered in 2025, as necessary regulations and financial conditions make it more attractive for new investments.

Financial Calendar**14-15 November 2024:**

- Factory tour for investors at the Pomega Production facility in Ankara.

4Q2024:

- Q3 2024 webinar for investors.

10 March 2025:

- Release of Q4 2024 results
- Release of the Investor Presentation covering the 2025 and mid-term strategic goals.

Past Calendar:

4 November 2024

- Q2 2024 webinar for investors (Completed).

9 September 2024

- Dividend Payment made (Completed).

June 2024:

- Online presentation of Kontrolmatik Group's strategy document for investors (Completed)

May 2024:

- Release of the 2023 Annual Report (Published).
- Release of the Investor Presentation containing strategic goals (Published).
- Release of Q1 2024 Results (Published).

Disclaimer Notice: It has been publicly announced that, with the Capital Markets Board Bulletin No. 2023/81 dated December 28, 2023, the Capital Markets Board has decided that issuers and capital market institutions subject to financial reporting regulations must apply inflation accounting in accordance with IAS 29, starting with the annual financial reports for accounting periods ending on or after December 31, 2023.

In this presentation, prepared for the financial results for the second quarter of 2024, the financial data applying inflation accounting in accordance with IAS 29 has been used, as per the Capital Markets Board's decision dated December 28, 2023, and the Turkish Accounting/Financial Reporting Standards applied by our Company.