KALEKİM KİMYEVİ MADDELER SANAYİ VE TİCARET A.Ş.

Report On Realization And Evaluation of the Assumptions Used in Determining the IPO Price

January 1 – December 31, 2022

This report has been prepared pursuant to the Capital Markets Board Communiqué on Shares No. VII-128.1 article 29/5.

March 17, 2023

1. Subject of the Report

Pursuant to the Capital Markets Board Communiqué on Shares No. VII/128.1 article 29/5, the Audit Committee has prepared this Report on Realization and Evaluation of the Assumptions used in Determining the IPO Price, which includes evaluations on whether the assumptions used in determining the initial public offering price of Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş. ("Kalekim" or "Company") have been realized.

2. Valuation Methods and Calculations Used in the Price Determination Report

According to the Price Determination Report, prepared by Ak Yatırım Menkul Kıymetler A.Ş. ("Ak Yatırım"), the intermediary facilitating the initial public offering of the company shares, on 19.04.2021 and published on the Public Disclosure Platform on 30.04.2021, the company's market value and the initial public offering price have been determined based on the following assumptions.

a) Market Multiples Analysis

It is a valuation method based on the comparison of the price levels, at which companies traded on Borsa Istanbul and foreign exchanges and considered to be comparable with Kalekim because they have a similar field of activity, and the data in the financial statements they disclose to the public.

i. Enterprise Value / EBITDA Multiple Valuation Approach

First, the market value is found by multiplying the current share prices of the companies with the total number of shares in the capital. Then, the enterprise values were found by calculating the net debt positions in the most recent balance sheets. Finally, Enterprise Value / EBITDA multiples were achieved by using the EBITDA data in the most recent financial statements of the companies.

Enterprise Value = Market Value + Net Debt

Market Value = Share Price x Total number of shares in the capital

Net Debt = Short and Long Term Financial Debt – Cash and Cash Equivalents

EBITDA = Earnings before Interest, Taxes, Depreciation and Amortization

EV / EBITDA= Enterprise Value / EBITDA

ii. Price / Earning Multiple Valuation Approach

The market value is found by multiplying the current share prices of the companies with the total number of shares in the capital and by using the net profit data in the most recent financial statements, Price/Earning multiples were calculated.

Price / Earning = Market Value / Net Profit

b) Discounted Cash Flow Analysis

It is a valuation method based on discounting the cash flows that will be created by the activities of the companies in the future with a reasonable discount rate. Company value is calculated according to the estimations regarding the operational and financial data of the company in the coming years.

3. Valuation Result

According to the valuation study, the Discounted Cash Flow Method and Multiple Analysis Method were weighted by 25% and 75%, respectively. In Multiple Analysis Method, EV/EBITDA and P/E multiples are weighed equally at 50%.

Valuation Method	Calculated Shareholders' Equity Value (TL)	Weight	Contribution to Shareholders' Equity (TL)
Discounted Cash Flow	1.879.303.460	25%	469.825.865
Multiple Analysis	1.613.892.827	75%	1.210.419.620
Peer EV/EBITDA	*1.565.327.166*		
Peer Price/Earnings	*1.662.458.488*		
Weighted Shareholders' Equity			**1.680.245.485**

4. Discount Calculation Prior to IPO

As a result of the valuation studies carried out for our Company by Ak Yatırım, the company's weighted shareholders' equity was calculated as TL 1.680.245.485.

Considering the calculated weighted shareholders' equity prepared by various valuation methods according to the Company's current issued capital of TL 100.000.000, the base public offering price was TL 13,75 with an 18,2% public offer discount, and the ceiling public offer price was TL 14,75 with a discount at 12,2%.

(TL)		
Nominal Capital Amount	100.000.000	
Calculated Shareholders' Equity	1.680.245.485	
Public Offering Discount Rates	18,2%	12,2%
Calculated Shareholders' Equity with discounts	1.375.000.000	1.475.000.000
Public Offering Price (TL/per share) (Base - Ceiling)	13,75	14,75

5. Results

The 12-month forecasts for 2022 included in the price determination report are compared below with the actual 12-month data for 2022, announced on Public Disclosure Platform on March 2, 2023.

As it can be seen in the table, the realization rate in net sales is 232%, in gross profit 216% and in EBITDA 237%.

	2022 12 M (Forecast)	**2022 12 M (Actual)**	***Realization Rate %***
Net Sales	922,9	2.143,3	*232*
Cost of Goods Sold	559,5	1.357,0	*243*
Gross Profit	363,4	786,2	*216*
Gross Profit Margin	*39,4%*	*36,7%*	*-270 bps*
Operating Expenses*	195,2	364,6	*187*
Amortization Adjustment	22,7	29,9	*132*
EBITDA**	190,9	451,5	*237*
EBITDA Margin	*20,7%*	*21,1%*	*+40 bps*

** Operating Expenses = Marketing, Sales & Distribution Expenses + General Administrative Expenses + R&D Expenses*

*** EBITDA = Gross Profit – Operating Expenses + Amortization*

Despite the volume decrease in the domestic market, the realization rate of sales in the 12-month period of 2022, compared with net sales predicted in the price determination report, was 232%, thanks to the acquisition of Lyksor Kimya, the change in exchange rates, price adjustments in domestic and export markets, and volume growth in export markets.

In the chemical raw material markets, price increases slowed down in the last quarter of 2022 with the decrease in logistics costs and the decrease in demand in the global raw material markets.
In addition to the volume decrease in the domestic market, due to the relatively lower gross profit margin of the newly acquired Lyksor Kimya company, which started to be consolidated in the second quarter, the consolidated gross profit margin was 270 basis points below gross profit margin in the price determination report, but thanks to effective expense management and low operating expenses of the newly acquired company, the EBITDA margin was 40 basis points higher than the price determination report.

Briefly, the income statement projection, framed when our company was offered to the public, was more than met by our Company in 2022.

Audit Committee

Mustafa YILMAZ	Fevzi Tayfun KÜÇÜK
Committee Chairman	Committee Member