LİLA KAĞIT SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 30 JUNE 2025 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REVIEW REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak No1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34485
İstanbul, Türkiye

Tel: +90 (212) 366 60 00
Fax: +90 (212) 366 60 10
www.deloitte.com.tr

Mersis No :0291001097600016
Ticari Sicil No: 304099

(Convenience translation into English of the review report originally issued in Turkish)

REVIEW REPORT ON ITHE NTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the General Assembly of Lila Kağıt Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Lila Kağıt Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together "the Group") as at 30 June 2025, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period then ended. The Group management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial statements Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim condensed consolidated financial statements is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review of the interim condensed consolidated financial statements does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Other Matter

As explained in Note 2.1 to the condensed consolidated interim financial statements, the US Dollar ("USD") amounts shown in the accompanying condensed consolidated interim financial statements has been translated from Turkish Lira ("TL"), at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 30 June 2025 for the consolidated balance sheet and for the first six months of 2025 for the consolidated statements of income, other comprehensive income and cash flows and they do not form part of the accompanying condensed consolidated interim financial statements.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Cem Tovil
Partner

Istanbul, 5 August 2025

INDEX | **PAGE**

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

ASSETS	Note	US Dollars (*) Current Period 30 June 2025	Reviewed Current Period 30 June 2025	Audited Prior Period 31 December 2024
Current Assets				
Cash and cash equivalents	26	115,903	4,606,253	6,546,928
Financial assets		6,073	241,351	68,989
Trade Receivables	5	72,325	2,874,372	2,857,580
-Trade receivables from third parties		*72,325*	*2,874,372*	*2,857,580*
Other Receivables		1,773	70,444	12,983
- Other receivables from third parties		*1,773*	*70,444*	*12,983*
Inventory	6	57,022	2,266,201	1,811,747
Derivatives	21	-	-	5,038
Prepaid Expenses	7	13,752	546,544	94,199
- Prepaid expenses from third parties		*13,752*	*546,544*	*94,199*
Assets raleted to current tax	19	2,132	84,718	70,884
Other current assets	14	583	23,046	61,935
Total Current Assets		**269,563**	**10,712,929**	**11,530,283**
Non-Current Assets				
Other Receivables		452	17,952	9,084
- Other current assets from third parties		*452*	*17,952*	*9,084*
Property, plant and equipment	8	162,485	6,457,540	6,428,187
Intangible assets	9	1,116	44,359	37,681
Rights of use assets	10	3,380	134,321	151,845
Prepaid expenses	7	8,531	339,054	70,015
Total Non-Current Assets		**175,964**	**6,993,226**	**6,696,812**
TOTAL ASSETS		**445,527**	**17,706,155**	**18,227,095**

(*)US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 30 June 2025.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

		US Dollars (*)	Reviewed	Audited
		Current Period 30 June	Current Period 30 June	Prior Period 31 December
LIABILITIES	**Note**	**2025**	**2025**	**2024**
Short-Term Liabilities				
Short-term borrowings	22	5,814	231,064	1,530,286
- Bank borrowings		*5,009*	*199,062*	*1,505,152*
- Lease liabilities		*805*	*32,002*	*25,134*
Current portion of long-term borrowings	22	19,548	776,879	555,268
Trade payables	5	22,624	899,114	818,349
- Trade payables to third parties		*22,624*	*899,114*	*818,349*
Payables related to employee benefits	13	3,422	135,980	122,097
Other payables		22,269	885,004	-
- Other payables to related parties	4	*22,269*	*885,004*	-
Derivatives	21	12	458	-
Deferred income	7	2,853	113,371	135,699
Short term provisions	11	1,024	40,711	35,503
- Short term provisions for employee benefits		*682*	*27,119*	*21,910*
- Other short term provisions		*342*	*13,592*	*13,593*
Other current liabilities	14	990	39,396	58,707
Total Short-Term Liabilities		**78,556**	**3,121,977**	**3,255,909**
Long-Term Liabilities				
Long-term borrowings	22	8,258	328,182	685,201
- Bank borrowings		*7,525*	*299,062*	*647,149*
- Lease liabilities		*733*	*29,120*	*38,052*
Deferred income	*7*	884	35,116	-
Deferred tax liabilities	19	6,320	251,159	301,772
Long term provisions	13	2,464	97,913	111,326
- Long term provisions for employee benefits		*2,464*	*97,913*	*111,326*
Total Long-Term Liabilities		**17,926**	**712,370**	**1,098,299**
Total Equity				
Share capital	15	14,846	590,000	590,000
Share capital adjustments	15	94,187	3,743,224	3,743,224
Premiums on shares	15	103,117	4,098,112	4,098,112
Restricted reserves appropriated from profit	15	11,158	443,462	262,672
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(1,379)	(54,802)	(61,800)
- Actuarial losses from defined pension plans		*(1,379)*	*(54,802)*	*(61,800)*
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss		7	293	393
- Foreign currency translation differences		*7*	*293*	*393*
Retained earnings		103,701	4,121,314	3,868,923
Net profit for the year		23,408	930,205	1,371,363
Non- controlling interests		-	-	-
Total Equity		**349,045**	**13,871,808**	**13,872,887**
TOTAL LIABILITIES		**445,527**	**17,706,155**	**18,227,095**

(*)US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 30 June 2025.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 30 JUNE 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

	Note	US Dollars (*) 1 January- 30 June 2025	Reviewed 1 January- 30 June 2025	Reviewed 1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Revenue		161,759	6,428,689	7,728,939	3,232,656	3,923,003
Cost of Sales (-)		(112,494)	(4,470,771)	(5,392,717)	(2,247,004)	(2,775,678)
Gross Profit		**49,265**	**1,957,918**	**2,336,222**	**985,652**	**1,147,325**
Marketing and sales expenses (-)		(21,304)	(846,664)	(837,550)	(426,077)	(408,156)
General administrative expenses (-)		(5,129)	(203,850)	(217,098)	(101,179)	(123,154)
Other income from operating activity	16	8,950	355,637	257,717	115,260	19,816
Other expenses from operating activity (-)	16	(474)	(18,842)	(33,032)	(8,313)	(16,067)
Operating Profit		**31,308**	**1,244,199**	**1,506,259**	**565,343**	**619,764**
Income from investment activities	17	11,017	437,842	102,359	384,049	97,100
Operating Profit Before Finance Income		**42,325**	**1,682,041**	**1,608,618**	**949,392**	**716,864**
Finance income	18	16,825	668,680	246,021	338,923	201,377
Finance expenses (-)	18	(11,264)	(447,667)	(570,643)	(194,440)	(168,870)
Monetary (loss)/gain		(23,720)	(942,703)	(194,111)	(240,967)	9,823
Profit Before Tax		**24,166**	**960,351**	**1,089,885**	**852,908**	**759,194**
Tax expense		**(758)**	**(30,146)**	**(308,826)**	**78,273**	**(155,338)**
Current tax (expense) /income	19	(2,091)	(83,092)	(206,381)	81,827	(110,018)
Deferred tax income/(expense)	19	1,333	52,946	(102,445)	(3,554)	(45,320)
Profit For The Period		**23,408**	**930,205**	**781,059**	**931,181**	**603,856**
Distribution of profit for the year						
Non-controlling interests		-	-	-	-	-
Parent company shares		23,408	930,205	781,059	931,181	603,856
		23,408	**930,205**	**781,059**	**931,181**	**603,856**
Earning per shares	20	-	1.577	1.562	1.862	1.186
Other Comprehensive Income/(loss):						
Items that will not be reclassified subsequently to profit or loss		**176**	**6,998**	**(8,227)**	**3,064**	**(5,670)**
Gain/(loss) on remeasurement of defined benefit plans	*13*	*235*	*9,331*	*(10,970)*	*4,086*	*(7,559)*
Tax income/(expense) of remeasurement of defined benefit plans	*19*	*(59)*	*(2,333)*	*2,743*	*(1,022)*	*1,889*
Items that will be reclassified subsequently to profit or loss		**(3)**	**(100)**	**(178)**	**7,023**	**(302)**
Currency translation reserves		*(3)*	*(100)*	*(178)*	*7,023*	*(302)*
Other Comprehensive (Loss)/Income		**173**	**6,898**	**(8,405)**	**10,087**	**(5,972)**
Total Comprehensive Income		**23,581**	**937,103**	**772,654**	**941,268**	**597,884**

(*)US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 30 JUNE 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

					Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that may be reclassified subsequently to profit or loss			
	Share capital	**Share capital adjustments**	**Premiums on shares**	**Restricted reserves appropriated from profit**	**Actuarial losses from defined pension plans**	**Currency translation reserves**	**Retain earnings**	**Net profit for the year**	**Total equity**
Balances as of 1 January 2024	**500,000**	**3,476,617**	**-**	**208,478**	**(12,072)**	**(815)**	**3,780,871**	**378,117**	**8,331,196**
Transfers	-	-	-	-	-	-	378,117	(378,117)	-
Capital increase	90,000	270,416	4,228,796	-	-	-	-	-	**4,589,212**
Other comprehesive expense	-	-	-	-	(8,227)	(178)	-	-	**(8,405)**
Net profit for the period	-	-	-	-	-	-	-	781,059	**781,059**
Balances as of 30 June 2024	**590,000**	**3,747,033**	**4,228,796**	**208,478**	**(20,299)**	**(993)**	**4,158,988**	**781,059**	**13,693,062**
Balances as of 1 January 2025	**590,000**	**3,743,224**	**4,098,112**	**262,672**	**(61,800)**	**393**	**3,868,923**	**1,371,363**	**13,872,887**
Transfers	-	-	-	180,790	-	-	1,190,573	(1,371,363)	-
Dividends	-	-	-	-	-	-	(938,182)	-	**(938,182)**
Other comprehesive income	-	-	-	-	6,998	(100)	-	-	**6,898**
Net profit for the period	-	-	-	-	-	-	-	930,205	**930,205**
Balances as of 31 June 2025	**590,000**	**3,743,224**	**4,098,112**	**443,462**	**(54,802)**	**293**	**4,121,314**	**930,205**	**13,871,808**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 30 JUNE 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

	Note	US Dollars (*) Current Period 1 January- 30 June 2025	Reviewed Current Period 1 January- 30 June 2025	Reviewed Prior Period 1 January- 30 June 2024
A CASH FLOWS FROM OPERATING ACTIVITIES		**14,580**	**579,430**	**502,793**
Profit for the Period		**23,408**	**930,205**	**781,059**
Adjustments to reconcile net profit for the year		**16,757**	**666,043**	**967,999**
Changes on depreciation and amortization	8,9,10	8,949	355,652	423,188
Changes on expected credit loss		176	6,977	304
Provision for employee termination benefits	13	928	36,890	28,375
Changes on provision for unused vacation		244	9,701	11,233
Changes on provision for inventory impairment		(16)	(632)	(2,027)
Changes on other provision		32	1,288	(375)
Changes on foreign exchange gain and loss	22	6,959	276,652	347,212
Changes on gain on fixed assets sales		(10,252)	(407,444)	(6,195)
Changes on interets incomes		(15,928)	(633,013)	(215,161)
Changes on interets expenses		2,527	100,416	189,946
Changes on fair value of derivative instruments		138	5,496	(2,443)
Changes on financial investments	17	(765)	(30,398)	(96,164)
Changes on tax income and expenses		759	30,146	308,825
Adjustments related to monetary losses and (gain)		23,006	914,312	(18,719)
Changes in working capital		**(22,482)**	**(893,503)**	**(1,199,938)**
Adjustments related to decrease/(increase) in trade receivables	5	(568)	(22,582)	(653,345)
Adjustments related to decrease/(increases) in inventories	6	(11,428)	(454,173)	(576,875)
Adjustments related to decreases (increases) in other operating assets		(12,704)	(504,873)	326,663
Adjustments related to increases (decreases) in other operating liabilities		(164)	(6,523)	(61,141)
Adjustments related to increases (decreases) in trade payables	5	2,032	80,765	(249,161)
Adjustments related to increase/decrease in payables related to employee benefits		349	13,883	13,921
Cash Generated from Operating Activities		**17,683**	**702,745**	**549,120**
Seniority incentive premium and employee termination benefits paid	13	(630)	(25,029)	(13,485)
Accumulated leave paid	13	(34)	(1,360)	(2,267)
Income taxes paid		(2,439)	(96,926)	(30,575)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(8,873)**	**(352,630)**	**(899,798)**
Cash inflows from the sale of property, plant and equipment and intangible assets	8,17	10,902	433,261	6,890
Cash outflows from the purchase of property, plant and equipment and intangible assets	8,9	(9,512)	(378,025)	(228,503)
Advances given for investment purposes		(6,691)	(265,902)	(66,737)
Changes in financial investments		(3,572)	(141,964)	(611,448)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(30,996)**	**(1,231,847)**	**2,784,195**
Net cash inflows resulting from share premium		-	-	4,228,796
Capital increase		-	-	121,544
Cash inflows from borrowing	22	10,112	401,883	1,685,421
Cash outflows from repayments of borrowings	22	(43,854)	(1,742,850)	(1,978,334)
Interests paid		(3,221)	(128,004)	(190,978)
Cash inflows and outflows from repayments of financial leasings, net		200	7,941	(21,766)
Monetary gain and loss effect from cah flows of financial activities		(10,161)	(403,830)	(1,275,649)
Interests received		15,928	633,013	215,161
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES AND INFLATION (A+B+C)		**(25,289)**	**(1,005,047)**	**2,387,190**
D. THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**(23,542)**	**(935,628)**	**333,427**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(48,831)**	**(1,940,675)**	**2,720,617**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**164,734**	**6,546,928**	**1,681,419**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	26	**115,903**	**4,606,253**	**4,402,036**

(*)US Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TL") for convenience purposes only, at the official TL bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") effective as of 30 June 2025.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Lila Kağıt Sanayi ve Ticaret Anonim Şirketi ("the Company") was established in 1984. Its principal activities are sales to domestic and exporting market and the production of jumbo rolls (tissue paper) and converting products. Other activites include textile products (yarn dying) and energy generation.

The registered address of the Company is Business İstanbul, Merdivenköy Mahallesi, Nur Sokak, A Blok, No:1A/1705 34732 Kadıköy/İstanbul.

The main fields of activity of the Company's subsidiary included in the consolidation (together referred to as the "Group") and the countries in which it operates are as follows:

				Proportion of ownership interest and voting power held by the Company (%)	
Subsidiary Company	Principal activity	Place of incorporation and operation	Functional Currency	2025	2024
Lila Paper Swiss AG	Imports, Exports and Foreign Trade	Switzerland	US Dollars	100	100

Lila Paper Swiss AG operates as a foreign trade company and was established in Switzerland on January 19, 2023. The Company's main activity is to provide services regarding the export of jumbo rolls and converting and the import of raw materials. It was founded with a capital of 100,000 Swiss Francs. Lila Paper Swiss AG's capital has been fully paid and all shares belong to the Company.

The number of personnel employed by the Group is 1.008 as of 30 June 2025 (31 December 2024: 1.026).

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying condensed consolidated interim financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the condensed consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

The Group prepared its condensed consolidated interim financial statements in accordance with TAS 34 "Interim Reporting" standard. Interim condensed consolidated financial statements do not include all the information required for the annual financial statements and therefore they should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024.

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Statement of Compliance with TFRS (cont'd)

The Group maintains its accounting records and prepares its condensed consolidated financial statements with the principles and requirements of the CMB, the Group keep their legal records according to the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance ("Ministry of Finance") of Turkish Republic.

Subsidiary operating in foreign countries prepare their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The condensed consolidated financial statements are prepared by reflecting the necessary adjustments and classifications to the statutory records in order to make an accurate presentation in accordance with TFRS. The condensed consolidated financial statements are prepared on the basis of historical cost, except for financial assets recognized at fair value and derivative financial instruments carried at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

Condensed consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments and available for sale financial assets presented at fair values.

Approval of the financial statements:

The condensed consolidated financial statements have been approved and authorized to be published on 5 August 2025 by the Board of Directors.

Going concern

The condensed consolidated financial statements have been prepared on the basis of going concern.

Currency used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is TL and the functional currency of its subsidiary is US Dollar. The financial statements of the subsidiary have been translated into TL for presentation purposes and the translation differences are shown as foreign currency translation differences under equity. Condensed consolidated financial statements are expressed in TL, which is the presentation currency.

Restatement of financial statements during periods of high inflation

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting year ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 30 June 2024 and 31 December 2024 on the purchasing power basis as of 30 June 2025.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
30.06.2025	3,132.17	1.0000	220%
31.12.2024	2,684.55	1.16674	291%
30.06.2024	2,319.29	1.35049	324%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Comparative Figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

Subsidiaries

As of 30 June 2025 and 31 December 2024, the details of the Group's subsidiary are as follows:

				Proportion of ownership interest and voting power held by the Company (%)	
Subsidiary Company	Principal activity	Place of incorporation and operation	Functional Currency	2025	2024
Lila Paper Swiss AG	Imports, Exports and Foreign Trade	Switzerland	US Dollars	100	100

All subsidiaries above are recognized in these condensed consolidated financial statements using the full consolidation method:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Comparative information and restatement of prior period consolidated financial statements

The condensed consolidated financial statements of the Group are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. In order to maintain consistency with the presentation of the current period condensed consolidated financial statements, comparative information is reclassified and significant differences are explained if necessary.

USD amounts presented in the consolidated financial statements

USD amounts shown in the consolidated balance sheet, consolidated statements of income, comprehensive income and cash flows have been translated from TL, prepared in accordance with the TFRS have been translated from TL, as a matter of arithmetic computation only, at the official USD bid rates announced by the CBRT effective as of 30 June 2025 of TL 39,7424 = USD 1 and do not form part of these condensed consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.2 Changes in Accounting Policies

The accounting policies have been applied consistently by the Company for all periods presented in the financial statements. Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated.

2.3 Changes in Accounting Estimates and Errors

The Group applied its accounting policies consistent with the previous year. If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. Significant accounting errors are applied retrospectively and prior period financial statements are restated. The Group has not made any changes in its accounting policies during the current year, except for the effects of the changes in new and revised standards explained in Note 2.4.

2.4 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2025

Amendments to TAS 21	*Lack of Exchangeability*

Amendments to TAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information*
TFRS 18	*Presentation and Disclosures in Financial Statements*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2026.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONDENSED FINANCIAL STATEMENTS (cont'd)

2.4 New and Amended Turkish Financial Reporting Standards (cont'd)

b) <u>New and revised TFRSs in issue but not yet effective (cont'd)</u>

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 – Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended 30 June 2025 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for 31 December 2024. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for 31 December 2024.

3. SEGMENT REPORTING

The decision-making authority of the Group is the Members of the Board of Directors. The Group has no segment reporting within the scope of its operating activity. The Group Board of Directors monitors group activities as a single reportable section and makes decisions. Group management does not track operating results separately other than the country distribution. For this reason, performance criteria other than sales cannot be disclosed.

4. RELATED PARTY DISCLOSURES

In the condensed consolidated financial statements, shareholders, board members, their families and companies controlled by them or affiliated with them are considered as related parties. Various transactions have been made with related parties in the normal course of business of the entity.

As of 30 June 2025 and 31 December 2024, due to related parties are as follows:

a) Related party transactions

Due to releated parties	30 June 2025	31 December 2024
Payables to shareolders (*)	885,004	-
	885,004	-

(*) According to the dividend distribution decision in the agenda of the general assembly of the Group registered on March 24, 2025, it has been approved to pay the gross dividend amounting to TL 885.004 for the 2024 accounting period was paid in cash to the shareholders on July 1, 2025.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

4. RELATED PARTY DISCLOSURES (cont'd)

a) Related party transactions (cont'd)

Services received from related parties for the periods ended 30 June 2025 and 2024 are as follows:

Services received from related parties	1 January- 30 June 2025	1 January- 30 June 2024
Services received from partners		
Aydın Öğücü	2,637	2,180
Celal Öğücü	2,501	2,173
Orhan Öğücü	2,497	2,180
Other companies controlled by shareholders		
Trakyam Yumurta Gıda ve Üretim Anonim Şirketi	8,010	7,113
Total	15,645	13,646

Services received from related party are consists of rent payments of the Group to shareholders and other companies controlled by shareholder.

Services provided to related parties for the periods ended 30 June 2025 and 2024 are as follows:

Services provided to related parties	1 January- 30 June 2025	1 January- 30 June 2024
Services provided to partners		
Orhan Öğücü	59	89
Other companies managed by shareholders		
Trakyam Yumurta Gıda ve Üretim Anonim Şirketi	20	18
Total	79	107

Maturity of collection arising from service provided is less than a month.

b) Benefits provided to key management

The key management of the Group consists of chairman, board members, general manager, deputy general managers, directors and group managers. The total amount of salaries and similar benefits paid and accrued premiums to key management personnel (18 people) (2024: 18 people) as of 30 June 2025 is TL 47,117 (30 June 2024: TL 47,836).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

5. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

As of 30 June 2025 and 31 December 2024, trade receivables from third parties are as follows:

	30 June 2025	31 December 2024
Trade receivables	2,601,897	2,590,371
Cheques recevied	272,475	267,209
Doubtful receivables	3,232	3,479
Provision for doubtful receivables(-)	(3,232)	(3,479)
	2,874,372	2,857,580

As of 30 June 2025, the average receivables turnover days of the Company's is 80 days (31 December 2024: 79 days).

As of 30 June 2025 and 2024, movement of provision for the doubtful receivables of the Group are as follows:

Movement of provision for doubtful receivables	1 January-30 June 2025	1 January-30 June 2024
Opening balance	3,479	4,420
Effect of inflation index	(247)	(896)
Charge for the period/write off of provision	-	304
Closing balance as of 31 March	3,232	3,828

As of 30 June 2025, there is no guarantee amount received from customers regarding doubtful receivables. (31 December 2024: None).

The Group periodically monitors the collectability of its trade receivables and provides allowance for doubtful receivables for possible losses that may arise from doubtful receivables based on the collection rates in previous years. Subsequent to the allocation of allowance for doubtful receivables, in the event that some or all of the doubtful receivable amount is collected, the collected amount is deducted from the allowance for doubtful receivables and recognized in profit or loss.

The nature and level of risks related to trade receivables are disclosed in Note 23.

Short-term trade payables

As of 30 June 2025 and 31 December 2024, short-term trade payables of the Group are as follows:

Short term trade payables	30 June 2025	31 December 2024
Due to third parties	899,114	818,349
	899,114	818,349

As of 30 June 2025, the Group's average trade payable turnover days are 35 days (31 December 2024: 26 days).

Trade payables primarily include unpaid amounts arising from goods purchases, services rendered and ongoing investments.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

6. INVENTORIES

As of 30 June 2025 and 31 December 2024, inventories as follows:

	30 June 2025	31 December 2024
Raw materials and supplies	1,353,466	763,875
Finished goods	562,019	707,323
Semi-finished goods	99,492	71,675
Trade goods	5,978	1,232
Other inventory(*)	245,280	267,957
Provision for inventories (-)	(34)	(315)
	2,266,201	1,811,747

(*)As of 30 June 2025 and 31 December 2024, other inventories consist of short-term spare parts and operating materials that are not considered as fixed assets and are used for maintenance and repair purposes.

As of 30 June 2025 and 31 December 2024, there is no mortgage or pledge on inventories.

7. PREPAID EXPENSES AND DEFERRED INCOME

As of 30 June 2025 and 31 December 2024, short-term prepaid expenses are as follows:

Short-term prepaid expenses	30 June 2025	31 December 2024
Prepaid expenses	85,245	49,416
Advances given (*)	461,299	44,783
	546,544	94,199

(*) The amount of 384 million TL consists of advance payments for orders related to pulp purchases.

As of 30 June 2025 and 31 December 2024, long-term prepaid expenses are as follows:

Long-term prepaid expenses	30 June 2025	31 December 2024
Advances given for fixed asset purchases(*)	335,504	69,602
Prepaid expenses	3,550	413
	339,054	70,015

(*) As of 30 June 2025, TL 34.3 million of the long-term advances given are related to Ergene production facility investment, TL 297.9 million to Erzurum production facility investment and the remaining amount is related to other investments. As of 31 December 2024, TL 69.6 million of the investment advances given, TL 33.2 million is related to Erzurum investment and the remaining TL 36.4 million is related to other ongoing investments in Ergene production facility.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

As of 30 June 2025 and 31 December 2024, details of short-term deferred income are as follows:

Short-term deferred income	30 June 2025	31 December 2024
Advances received	93,313	135,699
Promotion incomes	20,058	-
	113,371	135,699

As of 30 June 2025 and 31 December 2024, details of long-term deferred income are as follows:

Long-term deferred income	30 June 2025	31 December 2024
Promotion incomes	35,116	-
	35,116	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost value									
Opening balance as of 1 January 2025	164,136	4,226	1,735,540	9,998,390	72,020	296,229	49,553	798,302	13,118,396
Additions	-	-	-	12,484	218,136	5,111	-	141,921	377,652
Disposals	-	-	-	(712,255)	-	(6,367)	-	-	(718,622)
Transfers(*)	-	1,991	-	73,395	-	1,070	-	(84,740)	(8,284)
Closing balance as of 30 June 2025	164,136	6,217	1,735,540	9,372,014	290,156	296,043	49,553	855,483	12,769,142
Accumulated depreciation									
Opening balance as of 1 January 2025	-	2,845	730,979	5,645,941	54,784	206,107	49,553	-	6,690,209
Charge for the year	-	123	19,787	271,007	11,331	11,950	-	-	314,198
Disposals	-	-	-	(686,529)	-	(6,276)	-	-	(692,805)
Closing balance as of 30 June 2025	-	2,968	750,766	5,230,419	66,115	211,781	49,553	-	6,311,602
Carrying value as of 30 June 2025	164,136	3,249	984,774	4,141,595	224,041	84,262	-	855,483	6,457,540

As of 30 June 2025, there is no capitalized borrowing cost on property, plant and equipment.

As of 30 June 2025, the insurance coverage amount on fixed assets is TL 19,610,762.

(*) As of 30 June 2025, construction in progress amounting to TL 8,284 have been transferred to rights within property, plant and equipment.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost value									
Opening balance as of 1 January 2024	109,684	4,226	1,733,097	9,561,056	77,348	273,707	49,567	534,790	12,343,475
Additions	46,079	-	-	3,197	-	6,328	-	170,351	225,955
Disposals	-	-	-	-	(4,474)	-	-	(696)	(5,170)
Transfers(*)	-	-	337	386,653	-	-	-	(390,575)	(3,585)
Closing balance as of 30 June 2024	155,763	4,226	1,733,434	9,950,906	72,874	280,035	49,567	313,870	12,560,675
Accumulated depreciation									
Opening balance as of 1 January 2024	-	2,666	691,343	5,014,739	50,152	186,727	49,555	-	5,995,182
Charge for the year	-	89	19,818	317,681	5,120	12,099	8	-	354,815
Disposals	-	-	-	-	(4,474)	-	-	-	(4,474)
Closing balance as of 30 June 2024	-	2,755	711,161	5,332,420	50,798	198,826	49,563	-	6,345,523
Carrying value as of 30 June 2024	155,763	1,471	1,022,273	4,618,486	22,076	81,209	4	313,870	6,215,152

As of 30 June 2024, there is no capitalized borrowing cost on property, plant and equipment.

As of 30 June 2024, the insurance coverage amount on fixed assets is TL 15,972,299.

(*) As of 30 June 2024, construction in progress amounting to TL 3,585 have been transferred to rights within property, plant and equipment.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation expenses	1 January- 30 June 2025	1 January- 30 June 2024
Cost of sales	294,145	342,340
Marketing and sales expenses	12,627	6,441
Administrative expenses	7,426	6,034
	314,198	354,815

9. INTANGIBLE ASSETS

Movement of intangible assets of the Group for the periods ended 30 June 2025 and 2024 is as follows:

Cost value	Rights	Total
Opening balance as of 1 January 2025	93,697	93,697
Additions	373	373
Transfers from property, plant and equipment	8,284	8,284
Closing balance as of 30 June 2025	102,354	102,354
Accumulated amortization		
Opening balance as of 1 January 2025	56,016	56,016
Charge for the period	1,979	1,979
Closing balance as of 30 June 2025	57,995	57,995
Net carrying value as of 30 June 2025	44,359	44,359

Cost value	Rights	Total
Opening balance as of 1 January 2024	85,260	85,260
Additions	2,549	2,549
Transfers from property, plant and equipment	3,585	3,585
Closing balance as of 30 June 2024	91,394	91,394
Accumulated amortization		
Opening balance as of 1 January 2024	53,398	53,398
Charge for the period	1,753	1,753
Closing balance as of 30 June 2024	55,151	55,151
Net carrying value as of 30 June 2024	36,243	36,243

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

9. INTANGIBLE ASSETS (cont'd)

Amortization expenses	1 January- 30 June 2025	1 January- 30 June 2024
Cost of sales	56	61
Marketing and sales expenses	117	117
Administrative expenses	1,806	1,575
	1,979	1,753

As of 30 June 2025 and 2024, the Group has no intangible assets created within the business.

10. RIGHT-OF-USE ASSETS

The Group leases a number of assets including offices, vehicles, warehouses and information technologies equipment. Average lease term is 4 years (2024: 4 years).

Movement of right-of-use assets for the periods ended 30 June 2025 and 2024 is as follows:

Right of use assets	1 January- 30 June 2025	1 January- 30 June 2024
Opening balances	151,845	168,617
New leases	21,951	51,674
Charge for the period	(39,475)	(66,620)
Carrying value	134,321	153,671

Balances recognized in profit or loss	1 January- 30 June 2025	1 January- 30 June 2024
Depreciation expense	(39,475)	(66,620)
Interest on lease liabilities	(3,189)	(4,233)
Foreign exchange loss on foreign currency lease liabilities	3,815	(3,962)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions and contingent assets

As of 30 June 2025 and 31 December 2024, short-term provisions are as follows:

	30 June 2025	31 December 2024
Provision for employee benefits	27,119	21,910
Other provisions	13,592	13,593
- Lawsuit provisions	*13,362*	*13,427*
- Provision of supplier commisions	*230*	*166*
	40,711	35,503

Short-term provisions for employee benefits consist of provision for unused vacation.

As of 30 June 2025 and 31 December 2024, long-term provisions are as follows:

	30 June 2025	31 December 2024
Long term provision for employee termination benefits		
- Employee termination indemnity liability	*80,239*	*92,866*
- Seniority incentive premium liability	*17,674*	*18,460*
	97,913	111,326

Long-term provisions for employee benefits consist of provision for employment termination benefits.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

12. COMMITMENTS

a) Guarantee-Pledge-Mortgages ("GPMBs")

As of 30 June 2025 and 31 December 2024, Group's guarantee, pledge and mortgage position is as follows:

	30 June 2025		31 December 2024	
	Original Currency	TL Equivalent	Original Currency	TL Equivalent
A. CPMB's given for Company's own legal personality				
Guarantee				
-TL	9,523	9,523	29,205	29,205
-USD	1,896	75,353	4,954	203,592
-EUR	-	-	4,000	171,478
B. CPMB's given on behalf of fully consolidated companies	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPMB's	-	-	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
Total		84,876		404,275

As of 30 June 2025 and 31 December 2024, the ratio of other GPMs given by the Group to the Group's equity are 0.61% and 2.91%, respectively. As of 30 June 2025 and 31 December 2024, the guarantees given consist of letters of guarantee given to banks, tax office and other government authorities. As of 30 June 2025 and 31 December 2024, there is no mortgage or pledge on the Group assets.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

12. COMMITMENTS (cont'd)

b) Guarantees received

As of 30 June 2025 and 31 December 2024, the nature and amounts of guarantees received are as follows:

Letter of guarantees received	30 June 2025	31 December 2024
Letter of guarantees received from customers	201,347	67,210
Letter of guarantees received for fixed asset investments	99,167	22,624
Letter of guarantees received from suppliers	21,830	18,831
	322,344	108,665

Other guarantees received	30 June 2025	31 December 2024
Credit insurance	765,108	468,088
Cheques and bills received from customers	-	87,506
Cheques and bills received from suppliers	2,250	-
Mortgages	350	408
Other guarantees	724	1,629
	768,432	557,631

Total guarantees received	30 June 2025	31 December 2024
Guarantees received from customers	967,529	624,840
Guarantees received from suppliers	123,247	41,455
	1,090,776	666,295

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

13. EMPLOYEE BENEFITS

As of 30 June 2025 and 31 December 2024, the details of short and long-term provisions for employee benefits are as follows:

	30 June 2025	31 December 2024
Severance pay allowance	80,239	92,866
Unused vacation allowance	27,119	21,910
Seniority incentive premium liability	17,674	18,460
	125,032	133,236

The movement of provision for employment termination benefits for the periods ended 30 June 2025 and 2024 is as follows:

Movement of provision for employment termination benefits	1 January-30 June 2025	1 January-30 June 2024
Opening balance	92,866	33,776
Effect of inflation index	(13,305)	(10,296)
Interest cost	10,660	3,791
Service cost	16,465	24,586
Paid severance pay	(17,116)	(13,485)
Actueryal (gain) / loss	(9,331)	10,970
Balance as of 30 June	80,239	49,342

As of 30 June 2025 and 2024, the movement of employee termination incentive premium liability is as follows:

Seniority incentive premium liability	1 January-30 June 2025	1 January-30 June 2024
Opening balance	18,460	-
Effect of inflation index	(2,638)	-
Service cost	7,787	-
Interest cost	1,978	-
Seniority incentive premium paid	(7,913)	-
Closing balance as of 30 June	17,674	-

The Group has collective bargaining agreements with Selüloz-İş Union effective from January 1, 2024 to 31 December 2025 and with Öziplik-İş Union effective from July 1, 2023 to 31 December 2025. In accordance with these collective labor agreements, seniority incentive premiums will be paid to employees who have completed a certain number of years of seniority.

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

13. EMPLOYE BENEFITS (cont’d)

Payables related to employee benefits

As of 30 June 2025 and 31 December 2024, payables related to employee benefits are as follows:

	30 June 2025	31 December 2024
Due to personnel	102,777	88,624
Social security premiums payable	33,203	33,473
	135,980	122,097

14. OTHER ASSETS AND LIABILITIES

As of 30 June 2025 and 31 December 2024, other current assets are as follows:

Other current assets	30 June 2025	31 December 2024
Deferred VAT	16,363	55,175
Receivables from Tax Office	5,825	6,101
Other	858	659
	23,046	61,935

As of 30 June 2025 and 31 December 2024, other short-term liabilities are as follows:

Other short-term liabilities	30 June 2025	31 December 2024
Taxes and dues payable	30,336	55,881
Other	9,060	2,826
	39,396	58,707

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Share capital and capital adjustment differences

The registered capital ceiling of the Group is TL 2,000,000. The Group's issued capital is TL 590,000, and this issued capital has been fully paid without any concealment. As of the publication registration date on July 11, 2024, a capital increase of TL 90,000 has been completed and paid in cash. This capital is divided into a total of 590,000 shares, consisting of 300,000 Group A registered shares with a nominal value of 1 (one) TL each, and 290,000 Group B registered shares with a nominal value of 1 (one) TL each. Group B shares, 29,746 are registered and closed, 260,254 are publicly traded on the stock exchange, making up a total of 290,000 shares.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

Share capital and capital adjustment differences (cont'd)

As of 30 June 2025 and 31 December 2024, the shareholding structure of the Group is as follows:

	30 June 2025		31 December 2024	
	Pay Oranı (%)	Tutarı (TL)	Pay Oranı (%)	Tutarı (TL)
Orhan Öğücü	11.60	68,462	14.30	84,392
Aydın Öğücü	8.11	47,832	11.06	65,237
Celal Öğücü	5.99	35,352	8.94	52,757
Hatice Öğücü	5.61	33,101	8.56	50,506
Other Öğücü Family Members	24.58	145,000	40.09	236,525
Azimut Portföy KLM Equity Free Private Fund	9.99	58,967	-	-
Azimut Portföy HCBO Equity Free Private Fund	8.76	51,666	-	-
Azimut Portföy RASAT Equity Free Private Fund	8.31	49,037	-	-
Publicly traded	17.05	100,583	17.05	100,583
Paid in capital	**100**	**590,000**	**100**	**590,000**
Capital adjustment differences		3,743,224		3,743,224

As of 30 June 2025, capital adjustment differences amounting to TL 3,743,224 consist of capital adjustment differences arising from the inflation adjustment of the Group's paid-in capital amount and not offset against prior years' losses or added to the capital (31 December 2024: TL 3,743,224).

Group B registered shares of Lila Kağıt Sanayi ve Ticaret A.Ş., corresponding to 27,06% of its total capital and owned by our shareholders Orhan Öğücü, Celal Öğücü, Aydın Öğücü, Hatice Öğücü, Burcu Öğücü Giritli, Alp Öğücü, Duygu Öğücü, Huriye Öğücü, Nuray Darıcı, Murat Öğücü, İrem Öğücü Öngen, Onur Öğücü, and Nazlı Gözübüyük were purchased on the stock exchange on June 24, 2025, by KLM Equity Free Private Fund, Azimut Portföy HCBO Equity Free Private Fund and Azimut Portföy RASAT Equity Free Private Fund, in which they are investors, at a price range of TL 22.94 to TL 23.04. As a result of this transaction, the Öğücü family's directly controlled equity share in the total capital has decreased to 55.89%.

Restricted reserves appropriated from profit

These are reserves arising from the profits of prior periods due to legal or contractual obligations or for certain purposes other than profit distribution. These reserves are shown over the amounts in the Group's legal records, and the differences arising in the preparation of consolidated financial statements in accordance with TFRS are associated with prior years' profit/losses.

The details of the Group's restricted reserves as of 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025	31 December 2024
Legal Reserves	443,462	262,672
	443,462	262,672

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

Restricted reserves appropriated from profit (cont'd)

In accordance with Article 519 of the Turkish Commercial Code, 5% of the annual commercial profit is the first order legal reserve fund until it reaches 20% of the paid capital, after 5% dividend is paid to the shareholders, 10% of the total amount to be distributed to those who will receive a share from the profit is allocated as the second legal reserve fund. As of 30 June 2025, the Group's first order legal reserve fund is 7.02% of its paid capital, and there is no limit for the second order legal reserve fund. As long as the reserve funds in question do not exceed half of the Group's paid-in capital, they can only be used to cover losses, to continue the business when things are not going well, or to take measures suitable for preventing unemployment and mitigating its consequences.

Dividend distribution

Unless the reserve funds required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the articles of association or profit distribution policy are set aside, it cannot be decided to allocate other reserve funds, to transfer profits to the next year, or to distribute dividends to dividend share holders, members of the board of directors, partnership employees and persons other than shareholders, and no dividends can be distributed to these persons unless the dividend determined for the shareholders is paid in cash.

Listed companies distribute dividends according to the Communique numbered II-19.1 and published on 1 February 2014 in the Official Gazette. It has been decided that the profit distribution will be carried out within the framework of the principles included in the CMB's "Dividend Communiqué" numbered Serial: II-19.1, the provisions in the articles of association of the partnerships and the profit distribution policies announced to the public by the companies.

In addition, in the aforementioned Communiqué, companies that are obliged to prepare consolidated financial statements, as long as it can be met from the resources available in their legal records, it has been regulated that the net distributable profit amount should be calculated by taking into account the net period profits in the consolidated financial statements that they will prepare and announce to the public within the framework of the Communiqué No. Series: II-14.1. In publicly held corporations, dividends are distributed equally to all existing shares as of the distribution date, in proportion to their shares, regardless of their issuance and acquisition dates.

Shareholders distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies.

Unless the reserve funds required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the articles of association or profit distribution policy are set aside, it cannot be decided to allocate other reserve funds, to transfer profits to the next year, or to distribute dividends to dividend share holders, members of the board of directors, partnership employees and persons other than shareholders, and no dividends can be distributed to these persons unless the dividend determined for the shareholders is paid in cash.

The proposal of the Board of Directors regarding the payment of gross dividend amounting to TL 885,004 (gross TL 1.5000 and net TL 1.2750 for each share with a nominal value of TL 1.00) to the shareholders in cash on July 1, 2025 was submitted to the approval of the shareholders at the Ordinary General Assembly meeting dated March 20, 2025 and the proposal was approved. The General Assembly of the Company was registered and announced in the trade registry gazette numbered 11298 on 24 March 2025.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

15. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

Accumulated other comprehensive expenses that will not be reclassified to profit or loss

Remeasurement gains (losses) of defined benefit plans:

As of 30 June 2025, it consists of actuarial gains or (losses) recognized as other comprehensive income related to provision for employment termination benefit amounting to TL (6,998) (30 June 2024: TL (8,227)).

16. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the periods ended 30 June 2025 and 2024 are as follows:

Other operating incomes	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Foreign exchange gains from operations	325,531	208,738	97,357	5,447
Scrap sale incomes	14,576	17,228	6,889	6,782
Other income	15,530	31,751	11,014	7,587
	355,637	257,717	115,260	19,816

Other operating expenses for the periods ended 30 June 2025 and 2024 are as follows:

Other operating expenses	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Foreign exchange loss from operating activities	-	(2,301)	-	(2,301)
Recovery contribution share	(10,530)	(6,635)	(3,453)	(5,357)
Provision expense	(6,093)	(2,987)	(3,224)	(2,072)
Late charge expenses(*)	(568)	(2,635)	(526)	4,496
Tax expense paid under law no. 7326	(38)	(4,234)	-	(1,596)
Other expenses	(1,613)	(14,240)	(1,110)	(9,237)
	(18,842)	(33,032)	(8,313)	(16,067)

(*) Late charge expenses consists of discount expenses calculated for receivables whose maturity exceeds normal sales conditions.

17. INCOME FROM INVESTING ACTIVITIES

Income from investing activities for the periods ended 30 June 2025 and 2024 are as follows:

Incomes from investing acitivites	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Gain on disposal of property, plant and equipment	407,444	6,195	361,507	936
Profit on sale of marketables	30,398	96,164	22,542	96,164
	437,842	102,359	384,049	97,100

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

18. FINANCE INCOME AND EXPENSES

Finance income for the periods ended 30 June 2025 and 2024 are as follows:

Finance incomes	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Interest income	633,013	28,965	330,092	4,456
Foreign exchange gains,net	35,667	215,161	8,831	204,014
Gain from derivative instruments	-	1,895	-	(7,093)
	668,680	246,021	338,923	201,377

Finance expenses for the periods ended 30 June 2025 and 2024 are as follows:

Finance expenses	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Foreign exchange losses	(284,282)	(369,354)	(123,019)	(70,355)
Interest expenses	(117,241)	(201,289)	(49,022)	(98,515)
Loss from derivative instruments	(46,144)	-	(22,399)	-
	(447,667)	(570,643)	(194,440)	(168,870)

19. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate tax

The Group, its subsidiaries established in Turkey and other countries, associates and joint ventures are subject to the tax legislation and practices in the countries which they are operating.

Current tax liability:	30 June 2025	31 December 2024
Corporate tax provision	(93,204)	(156,262)
Less: prepaid taxes and funds	177,922	227,146
	84,718	70,884

As of 30 June 2025 and 2024, the distribution of consolidated tax expense is as follows:

Current tax income/(expense) :	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Corporate tax (-)	(83,092)	(206,381)	81,827	(110,018)
Deferred tax (expenses)/income	52,946	(102,445)	(3,554)	(45,320)
	30,146	308,826	(78,273)	155,338

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

19. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. As of 30 June 2025, the tax rate used in the calculation of deferred tax assets and liabilities is 24%.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

As of 30 June 2025 and 31 December 2024, total temporary differences and deferred tax assets/(liabilities) are as follows:

	30 June 2025		**31 December 2024**	
	Total temporary differences	Deferred tax assets	Total temporary differences	Deferred tax assets
Investments allowances	-	-	(13,028)	2,025
Adjustments related to propert, plant and equipment and intangible asstes	1,232,831	(308,208)	1,135,326	(283,832)
Adjustments related to financial borrowings	(2,714)	679	(7,136)	1,784
Adjustments related to financial leasing	(61,122)	15,281	(63,185)	15,796
Adjustments related to severance pay provisions	(52,200)	13,050	(47,620)	11,905
Adjustments related to unpaid leave provisions	(27,119)	6,780	(21,910)	5,478
Adjustments related to right of use assets	134,321	(33,580)	151,846	(37,961)
Adjustments related to doubtful receivables	(1,248)	312	(1,385)	347
Adjustments related to trade receivables	(30,321)	7,580	(42,686)	10,671
Adjustments related to derivative instruments	(458)	115	5,038	(1,260)
Adjustments related to lawsuit provisions	(13,362)	3,341	(13,427)	3,357
Adjustments related to inventories	148,450	34,143	146,864	(33,772)
Other	(16,542)	9,348	(14,767)	3,690
Deferred tax assets	1,310,516	(251,159)	1,213,930	(301,772)

As of 30 June 2025 and 2024, the movement of deferred tax assets/(liability) is as follows:

	1 January-30 June 2025	1 January-30 June 2024
Movement of deferred tax (assets) / liabilities		
Opening balance as of 1 January	(301,772)	(82,877)
Amounts under profit or loss	52,946	(102,445)
Amounts under other comprehensive income	(2,333)	2,743
Closing balance as of 30 June	(251,159)	(182,579)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

20. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year. Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year. There is no equity item that has a decreasing effect on earnings per share.

The weighted average of the total number of shares and calculation of earnings per share for the periods are as follows:

	1 January- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2025	1 April- 30 June 2024
Profit for the year	930,205	781,059	931,239	593,211
Average number of shares outstanding during the year	590,000	590,000	590,000	590,000
Earnings per share	1.577	1.324	1.578	1.005

21. DERIVATIVE INSTRUMENTS

As of 30 June 2025 and 31 December 2024, derivative instruments are as follows:

Forward foreign exchange transactions	30 June 2025	31 December 2025
Assets	-	5,038
Liabilities	458	-

As of 30 June 2025, the Group has forward purchase contracts amounting to EUR 200 equivalent of USD 223. As of 31 December 2024, the Group has forward purchase contracts amounting to EUR 21,001 equivalent of USD 22,030 with a final maturity date of June 26, 2025 which will be realized within the following 12 months.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in profit or loss. Assets related to derivative instruments that are expected to settle within 12 months following the reporting date are presented as current assets and liabilities are presented as current liabilities.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

22. FINANCIAL INSTRUMENTS

Financial Liabilities

The details of the Group's short-term borrowings as of 30 June 2025 and 31 December 2024 are as follows:

Financial borrowings	30 June 2025	31 December 2024
Financial borrowings	199,062	1,505,152
Short-term financial leasings(*)	32,002	25,134
Current installments of long-term borrowings	776,879	555,268
	1,007,943	2,085,554

(*) Consists of the Group's liabilities from lease agreements within the scope of TFRS 16.

The details of the Group's long-term borrowings as of 30 June 2025 and 31 December 2024 are as follows:

Financial borrowings	30 June 2025	31 December 2024
Long-term financial borrowings	299,062	647,149
Long-term financial leasings(*)	29,120	38,052
	328,182	685,201

(*) Consists of the Group's liabilities from lease agreements within the scope of TFRS 16.

As of 30 June 2025, the Group has financial commitments from HSBC amounting to EUR 3,621 (31 December 2024: EUR 6,337) for the remaining loan balance of TL 168,566 (31 December 2024: TL 232,881).

Short and long term bank borrowings

	30 June 2025		
Currency	Average effective interest rate %	Short-term	Long-term
US Dollars	8.32	277,493	199,062
TL	48.64	61,029	100,000
Euro	4.28	637,419	-
		975,941	299,062

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

22. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

Short and long term bank borrowings

	31 December 2024		
Currency	Average effective interest rate %	Short-term	Long-term
US Dollars	6.88	1,767,345	-
TL	45.19	94,061	140,010
Euro	3.89	199,014	507,139
		2,060,420	647,149

As of 30 June 2025 and 31 December 2024, the repayment schedule of bank borrowings is as follows:

Repayments of borrowings	30 June 2025	31 December 2024
To be paid within 1 year	975,941	2,060,420
To be paid between 1-5 years	299,062	647,149
	1,275,003	2,707,569

As of 30 June 2025 and 2024, the movement details of the Group's bank borrowings are as follows:

	1 January- 30 June 2025	1 January- 30 June 2024
Opening balance	2,707,569	4,578,297
Effects of inflation index	(341,289)	(923,915)
Additions	401,883	1,685,421
Principal payments	(1,870,854)	(2,169,312)
Interest expenses	97,227	185,714
Foreign exchanges	280,467	343,247
Closing balance as of 30 June	1,275,003	3,699,452

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including the borrowings disclosed in Note 22, and equity attributable to equity holders of the parent, comprising cash and cash equivalents, issued capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group's board of directors reviews the capital structure monthly. During these reviews, the board evaluates the risks associated with each capital class, along with the cost of capital. Based on the recommendations made by the board, the Group aims to stabilize its capital structure through the acquisition of new debt or the repayment of existing debt, as well as through dividend payments, issuance of new shares and repurchase of shares.

b) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Credit risk management

The Group's exposure to credit risk arises from the failure of a customer or counterparty to fulfil the contractual provisions of a financial instrument and mainly comprises financial losses that may arise from the Group's trade receivables and investments in debt securities.

In order to minimize credit risk, the Group uses products such as mortgages / letters of guarantee and receivable insurance, depending on the business unit. As at 30 June 2025 and 31 December 2024, 37% and 24% of the Company's receivables, respectively, are protected from credit risk within the framework of the guarantees mentioned above. In domestic collection tools, credit cards are used at an optimum level by evaluating conditions such as collateral, mortgage and prepayment. Credit ratings and findeks reports of the customers we work with, especially in the fast-moving consumption business area, are regularly obtained and credit limits are closely monitored.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 30 June 2025, the maximum risks that the Group may be exposed to as a result of the failure of the counterparties to fulfill their obligations arise from the following factors:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

Credit risk management (cont'd)

In each financial statement period, the Group allocates provisions for all of its overdue receivables that are impaired, and the receivables from customers with maturities above the usual sales maturity are monitored at the Board of Directors level and are reflected in the financial statements at a discount in accordance with the market interest rates. The amounts of the Group's provisions for doubtful trade receivables which are ongoing legal process as of 30 June 2025 and 31 December 2024 are TL 3,232 and TL 3,479 respectively. The Group continuously and uninterruptedly reconciles with its customers and monitors its receivables at the closest level.

Credit risk refers to the risk that one of the parties will default on its contractual obligations resulting in financial loss to the Group. The Group, aiming to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee. Credit risks which the Group is exposed, and credibility of customers are being watched continuingly. Credit risk is being controlled through limits for customers which are reviewed and approved annually by the management.

Trade receivables comprise a large number of customers in the construction industry and various geographical areas. Credit assessments are continuingly performed for trade receivables balances from customers and receivables are insured where necessary.

Aging of overdue receivables is as follows:

	30 June 2025	31 December 2024
1- 90 days overdue	488,135	680,292
3- 6 months overdue	126,421	207,830
6- 12 months overdue	278,182	79,176
Total overdue receivables	892,738	967,298
Covered part with guarantee	499,838	484,347
	392,900	482,951

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Company uses the activity-based costing method to cost its products and services, which helps to monitor cash flow requirements and optimise the cash return on investments.

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

Liquidity risk management (cont'd)

Changes in the general economic conjuncture may cause changes in the financing conditions provided by financial institutions. The Group's net working capital requirement may vary according to raw material prices, tonnage growth, market conditions and factors beyond the Group's control.

The Group uses an activity-based costing method to cost its products and services, which helps to monitor cash flow requirements and optimise the cash return on investments.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has adopted a natural "hedging" policy against currency risks. The ratio of currency types of inputs and the currency ratio of expenses are very close to each other. With over 70% of exports (predominantly USD), close to 70% of sales correspond to foreign currency based inputs (predominantly USD) from abroad and domestically. Likewise, a foreign currency and TL denominated loan policy has been adopted in proportion to sales. In cases where proportional differences arise in foreign currency denominated transactions, balance is achieved through forward derivative transactions.

In the current year, there has been no change in the Group's exposure to market risks or in the Group's methods of managing and measuring market risk compared to the previous year.

Currency risk management

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The currencies in which these transactions primarily denominated are USD and EUR. Generally, borrowings are principally denominated in Euro and US Dollars at exchange rates that match the cash flows generated from the Group's operations.

All of the cellulose, which constitutes a significant portion of the costs, is imported and since a significant portion of the Company's foreign purchases are realised as cash imports, both the debt burden on the balance sheet is low and the exchange rate risk is avoided. The Group's policy with respect to other monetary assets and liabilities denominated in foreign currencies is to purchase or sell at spot exchange rates to resolve short-term imbalances and to keep the net exposure at acceptable levels.

Forward transactions are the transactions that are contracted by determining the currency type, amount, maturity and exchange rate (price) from today for the realization of money exchange at a future date. In order to minimize the currency risk, the Company has entered into forward purchase agreements in 2025 denominated in Euro and US Dollars until the end of June 2025 and the derivative transactions that are open derivatives as of the end of the period are disclosed in Note 21.

Transactions in foreign currencies cause foreign currency risk.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

Currency risk management (cont'd)

The distribution of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows:

	30 June 2025				
	TL Equivalent	**US Dollars**	**Euro**	**GBP**	**CHF**
1. Trade receivables	2,056,921	37,366	12,272	-	-
2a. Monatery assets	1,305,905	28,296	3,891	-	1
2b. Non-Monatery assets	439,805	10,973	80	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**3,802,631**	**76,635**	**16,243**	**-**	**1**
5. Trade receivables	-	-	-	-	-
6a. Monetary assets	313,687	391	6,397	-	-
6b. Non-Monetary assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**313,687**	**391**	**6,397**	**-**	**-**
9. Total assets (4+8)	**4,116,318**	**77,026**	**22,640**	**-**	**1**
10. Trade payables	560,455	11,944	1,803	-	15
11. Financial liabilities	914,912	6,978	13,645	-	-
12a. Monetary liabilities	92,394	259	1,758	-	-
12b. Non-Monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**1,567,761**	**19,181**	**17,206**	**-**	**15**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	199,062	5,000	-	-	-
16a. Monetary liabilities	-	-	-	-	-
16b. Non-Monetary liabilities	-	-	-	-	-
17. Long-term liabilites (14+15+16)	**199,062**	**5,000**	**-**	**-**	**-**
18. Total liabilities (13+17)	**1,766,823**	**24,181**	**17,206**	**-**	**15**
19. Position of net assets /(liabilities) of off balance sheet derivative instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Amount of total hedged assets	**-**	**-**	**-**	**-**	**-**
19b. Amount of total hedged liabilities	**-**	**-**	**-**	**-**	**-**
20. Position of net foreign currency assets/ (liabilities) (9-18+19)	**2,349,495**	**52,845**	**5,434**	**-**	**16**
21. Positions of monetary items net foreign currency assets/ (liabilities) (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**2,349,495**	**52,845**	**5,434**	**-**	**16**

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b) Financial risk factors (cont’d)

Currency risk management (cont’d)

The distribution of the Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows:

	31 December 2024				
	TL Equivalent	**US Dollars**	**Euro**	**GBP**	**CHF**
1. Trade receivables	2,176,472	39,902	12,459	-	-
2a. Monatery assets	3,305,258	66,861	12,903	-	1
2b. Non-Monatery assets	2,975	62	10	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	**5,484,705**	**106,825**	**25,371**	**-**	**1**
5. Trade receivables	-	-	-	-	-
6a. Monetary assets	98,383	1,335	1,006	6	-
6b. Non-Monetary assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	**98,383**	**1,335**	**1,006**	**6**	**-**
9. Total assets (4+8)	**5,583,088**	**108,160**	**26,377**	**6**	**1**
10. Trade payables	443,907	9,716	1,007	-	-
11. Financial liabilities	1,966,359	42,858	4,635	-	-
12a. Monetary liabilities	133,005	390	2,723	-	-
12b. Non-Monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**2,543,271**	**52,964**	**8,365**	**-**	**-**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	507,139	-	11,811	-	-
16a. Monetary liabilities	-	-	-	-	-
16b. Non-Monetary liabilities	-	-	-	-	-
17. Long-term liabilites (14+15+16)	**507,139**	**-**	**11,811**	**-**	**-**
18. Total liabilities (13+17)	**3,050,410**	**52,964**	**20,176**	**-**	**-**
19. Position of net assets /(liabilities) of off balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Amount of total hedged assets	-	-	-	-	-
19b. Amount of total hedged liabilities	-	-	-	-	-
20. Position of tet foreign currency assets/ (liabilities) (9-18+19)	**2,532,678**	**55,196**	**6,201**	**6**	**1**
21. Positions of Monetary items net foreign currency assets/ (liabilities) (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**2,532,678**	**55,196**	**6,201**	**6**	**1**

The Group's foreign currency risk mainly arises from the changes in the value of TL against Euro and USD.

The basis of the sensitivity analysis to measure the currency risk is to explain the total currency made throughout the institution. The total foreign currency position includes all foreign currency-based short-term and long-term purchase contracts and all assets and liabilities. The analysis does not include net foreign currency investments. The Company realizes its medium and long term loans in the currency of the project revenues it obtains. For short-term loans, borrowings are realized in TL, Euro and US Dollars in a balanced manner under the pool / portfolio model.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd))

Currency risk management (cont'd)

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	30 June 2025			
	Profit / Loss		Shareholders equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case the US Dollars gains / loses 10% against TL				
1- US Dollar net asset / liability	209,837	(209,837)	209,837	(209,837)
2- Amount hedged for US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 + 2)	209,837	(209,837)	209,837	(209,837)
In case the EUR gains / loses 10% against TL				
4- Euro net asset / liability	25,182	(25,182)	25,182	(25,182)
5- Amount hedged for Euro risk (-)	-	-	-	-
6- Euro net effect (4 + 5)	25,182	(25,182)	25,182	(25,182)
In case the GBP gains / loses 10% against TL				
7- GBP net asset / liability	-	-	-	-
8- Amount hedged for GBP (-)	-	-	-	-
9- GBP net effect (7+8)	-	-	-	-
In case the CHF gains / loses 10% against TL				
10- CHF net asset / liability	(70)	70	(70)	70
11- Amount hedged for CHF (-)	-	-	-	-
12- CHF net effect (13+14)	(70)	70	(70)	70
TOTAL (3 + 6 + 9 +12)	234,949	(234,949)	234,949	(234,949)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

23. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

Currency risk management (cont'd)

	31 December 2024			
	Profit / Loss		Shareholders equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case the US Dollars gains / loses 10% against TL				
1- US Dollar net asset / liability	226,810	(226,810)	226,810	(226,810)
2- Amount hedged for US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 + 2)	226,810	(226,810)	226,810	(226,810)
In case the EUR gains / loses 10% against TL				
4- Euro net asset / liability	26,425	(26,425)	26,425	(26,425)
5- Amount hedged for Euro risk (-)	-	-	-	-
6- Euro net effect (4 + 5)	26,425	(26,425)	26,425	(26,425)
In case the GBP gains / loses 10% against TL				
7- GBP net asset / liability	29	(29)	29	(29)
8- Amount hedged for GBP (-)	-	-	-	-
9- GBP net effect (7+8)	29	(29)	29	(29)
In case the CHF gains / loses 10% against TL				
10- CHF net asset / liability	4	(4)	4	(4)
11- Amount hedged for CHF (-)	-	-	-	-
12- CHF net effect (10+11)	4	(4)	4	(4)
TOTAL (3 + 6 + 9 +12)	253,268	(253,268)	253,268	(253,268)

24. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair Value of Financial Instruments

The following table analyses the financial instruments measured at fair value and determined by valuation method. Fair value calculations have been made based on the stages described below:

- Quoted prices (unadjusted) in active markets for specific assets and liabilities (Level 1)).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- Inputs for assets and liabilities that cannot be determined on the basis of observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3
30 June 2025			
Derivative instruments	-	(458)	-
31 December 2024			
Derivative instruments	-	5,038	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 June 2025 unless otherwise indicated.)

25. EVENTS AFTER THE REPORTING PERIOD

Dividend distribution decision taken at the General Assembly dated March 20, 2025 and registered on March 24, 2025; the gross dividend of TL 885,004 for the 2024 accounting period was paid in cash to the shareholders on July 1, 2025.

In order to ensure that all necessary work and procedures related to the investment activity of the tissue paper production facility located in the Merkez 2 OSB in the Aziziye district of Erzurum province can be monitored and carried out on-site, it has been decided by the Board of Directors to establish the "Lila Kağıt Sanayi ve Ticaret A.Ş. Joint Stock Company Erzurum Branch," which was registered by the Erzurum Trade Registry Directorate on July 11, 2025, and announced in the Turkish Trade Registry Gazette on July 11, 2025, under number 11370.

26. CASH AND CASH EQUIVALENTS

As of 30 June 2025 and 31 December 2024, details of cash and cash equivalents are as follows:

	30 June 2025	31 December 2024
Banks	4,574,869	6,495,764
- Demand deposits(*)	*2,754,035*	*183,447*
- Time deposits	*1,820,834*	*6,312,317*
Other cash and cash equivalents (**)	31,384	51,164
Total	4,606,253	6,546,928

(*) As of 30 June 2025, TL 2.3 billion of demand deposits are invested in money market funds.

(**) As of 30 June 2025 and 31 December 2024, other cash and cash equivalents consist of credit card receivables with maturities less than 30 days.

Foreign currency and interest rate risks and sensitivity analyses for the Group's financial assets and liabilities are disclosed in Note 23.

			30 June 2025	
Currency	Effective interets rate (%)	Maturity	Original currency	TL Equivalent
TL	45.00	1-30 Days	926,626	926,626
Euro	1.17	1-30 Days	4,082	166,152
US Dollars	3.80-3.83	1-30 Days	19,278	728,056
				1,820,834

			31 December 2024	
Currency	Effective interets rate (%)	Maturity	Original currency	TL Equivalent
TL	44-46	1-30 Days	3,188,152	3,188,152
Euro	2.25-3.84	1-30 Days	11,703	501,706
US Dollars	2.30-3.95	1-30 Days	63,812	2,622,459
				6,312,317