

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

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
30 SEPTEMBER 2025

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

INDEX	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW	5
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6-44
NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP	6
NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6-14
NOTE 3 - SEGMENT REPORTING	14
NOTE 4 - RELATED PARTY DISCLOSURE	15
NOTE 5 - TRADE RECEIVABLES AND PAYABLES	16
NOTE 6 - INVENTORIES	17
NOTE 7 - PREPAID EXPENSES AND DEFERRED INCOME	17-18
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT	19-21
NOTE 9 - INTANGIBLE ASSETS	21-22
NOTE 10 - RIGHT OF USE ASSETS	22
NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	23
NOTE 12 - COMMITMENTS	24-25
NOTE 13 - EMPLOYEE BENEFITS	26-27
NOTE 14 - OTHER ASSETS AND LIABILITIES	27
NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	27-30
NOTE 16 - INCOME AND EXPENSES FROM OPERATING ACTIVITIES	30
NOTE 17 - INCOMES FROM INVESTING ACTIVITIES	30
NOTE 18 - FINANCIAL INCOME AND EXPENSE	31
NOTE 19 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	31-32
NOTE 20 - EARNINGS PER SHARE	33
NOTE 21 - DERIVATIVE INSTRUMENTS	33
NOTE 22 - FINANCIAL INSTRUMENTS	34-35
NOTE 23 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	36-42
NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND DERIVATIVE INSTRUMENTS DISCLOSURES)	42
NOTE 25 - EVENTS AFTER THE REPORTING PERIOD	43
NOTE 26 - CASH AND CASH EQUIVALENTS	43-44

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2025

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

		US Dollars (*)	Unaudited	Audited
		Current Period	Current Period	Prior Period
		30 September	30 September	31 December
ASSETS	Note	2025	2025	2024
Current Assets				
Cash and cash equivalents	26	103,423	4,291,877	7,038,254
Financial assets		6,931	287,635	74,167
Trade Receivables	5	66,330	2,752,585	3,072,032
- Trade receivables from third parties		66,330	2,752,585	3,072,032
Other Receivables		1,120	46,489	13,958
- Other receivables from third parties		1,120	46,489	13,958
Inventory	6	55,571	2,306,090	1,947,712
Derivatives	21	-	-	5,416
Prepaid Expenses	7	7,407	307,382	101,268
- Prepaid expenses from third parties		7,407	307,382	101,268
Assets related to current tax	19	2,849	118,211	76,204
Other current assets	14	235	9,775	66,583
Total Current Assets		243,866	10,120,044	12,395,594
Non-Current Assets				
Other Receivables		349	14,489	9,766
- Other current assets from third parties		349	14,489	9,766
Property, plant and equipment	8	170,390	7,070,912	6,910,601
Intangible assets	9	1,145	47,504	40,509
Rights of use assets	10	2,875	119,326	163,241
Prepaid expenses	7	12,960	537,816	75,269
Total Non-Current Assets		187,719	7,790,047	7,199,386
TOTAL ASSETS		431,585	17,910,091	19,594,980

(*)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 September 2025.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2025

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

		US Dollars (*) Current Period 30 September 2025	Unaudited Current Period 30 September 2025	Audited Prior Period 31 December 2024
LIABILITIES	Note			
Short-Term Liabilities				
Short-term borrowings	22	5,578	231,496	1,645,129
- Bank borrowings		5,010	207,908	1,618,108
- Lease liabilities		568	23,588	27,021
Current portion of long-term borrowings	22	16,442	682,318	596,939
Trade payables	5	16,355	678,700	879,764
- Trade payables to third parties		16,355	678,700	879,764
Payables related to employee benefits	13	3,640	151,042	131,260
Deferred income	7	808	33,534	145,883
Short term provisions	11	856	35,525	38,167
- Short term provisions for employee benefits		593	24,595	23,554
- Other short term provisions		263	10,930	14,613
Other current liabilities	14	1,202	49,967	63,113
Total Short-Term Liabilities		44,881	1,862,582	3,500,255
Long-Term Liabilities				
Long-term borrowings	22	8,077	335,168	736,623
- Bank borrowings		7,420	307,908	695,715
- Lease liabilities		657	27,260	40,908
Deferred income	7	866	35,919	-
Deferred tax liabilities	19	5,824	241,678	324,419
Long term provisions	13	3,059	126,962	119,680
- Long term provisions for employee benefits		3,059	126,962	119,680
Total Long-Term Liabilities		17,826	739,727	1,180,722
Total Equity				
Share capital	15	14,217	590,000	590,000
Share capital adjustments	15	98,038	4,068,420	4,068,420
Premiums on shares		106,165	4,405,662	4,405,662
Restricted reserves appropriated from profit	15	11,488	476,743	282,384
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss		(1,795)	(74,491)	(66,438)
- Actuarial losses from defined pension plans		(1,795)	(74,491)	(66,438)
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss		(10)	(411)	423
- Foreign currency translation differences		(10)	(411)	423
Retained earnings		106,766	4,430,610	4,159,273
Net profit for the period		34,009	1,411,249	1,474,279
Non- controlling interests		-	-	-
Total Equity		368,878	15,307,782	14,914,003
TOTAL LIABILITIES		431,585	17,910,091	19,594,980

(*)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 September 2025.

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

	Note	US Dollars (*)	Unaudited			
		1 January-30 September 2025	1 January-30 September 2025	1 January-30 September 2024	1 July-30 September 2025	1 July-30 September 2024
Revenue		243,358	10,098,983	12,338,350	3,187,885	4,029,435
Cost of Sales (-)		(168,475)	(6,991,455)	(8,832,264)	(2,185,197)	(3,034,880)
Gross Profit		74,883	3,107,528	3,506,086	1,002,688	994,555
Marketing and sales expenses (-)		(32,300)	(1,340,402)	(1,375,435)	(430,204)	(475,036)
General administrative expenses (-)		(7,955)	(330,100)	(335,708)	(110,953)	(102,319)
Other income from operating activity	16	11,047	458,337	404,194	76,013	150,948
Other expenses from operating activity (-)	16	(537)	(22,291)	(39,628)	(2,035)	(4,118)
Operating Profit		45,138	1,873,072	2,159,509	535,509	564,030
Income from investment activities	17	14,144	586,971	19,818	116,273	13,158
Operating Profit Before Finance Income		59,282	2,460,043	2,179,327	651,782	577,188
Finance income	18	24,020	996,790	848,546	277,932	480,683
Finance expenses (-)	18	(13,849)	(574,708)	(892,313)	(93,448)	(302,657)
Monetary (loss)/gain		(36,002)	(1,494,034)	(498,314)	(480,591)	(289,637)
Profit Before Tax		33,451	1,388,091	1,637,246	355,675	465,577
Tax expense		558	23,158	(329,712)	55,566	2,288
Current tax (expense) /income	19	(1,371)	(56,899)	(152,376)	32,428	69,491
Deferred tax income/(expense)	19	1,929	80,057	(177,336)	23,138	(67,203)
Profit For The Period		34,009	1,411,249	1,307,534	411,241	467,865
Distribution of profit for the period						
Non-controlling interests		-	-	-	-	-
Parent company shares		34,009	1,411,249	1,307,534	411,241	467,865
		34,009	1,411,249	1,307,534	411,241	467,865
Earning per shares	20	-	2.392	2.216	0.697	0.793
Other Comprehensive Income/(loss):						
Items that will not be reclassified subsequently to profit or loss		(194)	(8,053)	(6,654)	(15,576)	2,190
Gain/(loss) on remeasurement of defined benefit plans		(259)	(10,737)	(8,872)	(20,768)	2,921
Tax income/(expense) of remeasurement of defined benefit plans	19	65	2,684	2,218	5,192	(731)
Items that will be reclassified subsequently to profit or loss		(20)	(834)	272	(726)	464
Currency translation reserves		(20)	(834)	272	(726)	464
Other Comprehensive (Loss)/Income		(214)	(8,887)	(6,382)	(16,302)	2,654
Total Comprehensive Income		33,795	1,402,362	1,301,152	394,939	470,519

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LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 period	Total equity
Balances as of 1 January 2024	500,000	3,865,329	-	224,121	(12,976)	(876)	4,064,573	406,486	9,046,657
Transfers	-	-	-	58,263	-	-	348,223	(406,486)	-
Capital increase	90,000	203,075	4,404,071	-	-	-	-	-	4,697,146
Dividends	-	-	-	-	-	-	(253,469)	-	(253,469)
Other comprehensive expense	-	-	-	-	(6,654)	272	-	-	(6,382)
Net profit for the period	-	-	-	-	-	-	-	1,307,534	1,307,534
Balances as of 30 September 2024	590,000	4,068,404	4,404,071	282,384	(19,630)	(604)	4,159,327	1,307,534	14,791,486
Balances as of 1 January 2025	590,000	4,068,420	4,405,662	282,384	(66,438)	423	4,159,273	1,474,279	14,914,003
Transfers	-	-	-	194,359	-	-	1,279,920	(1,474,279)	-
Dividends	-	-	-	-	-	-	(1,008,583)	-	(1,008,583)
Other comprehensive income	-	-	-	-	(8,053)	(834)	-	-	(8,887)
Net profit for the period	-	-	-	-	-	-	-	1,411,249	1,411,249
Balances as of 30 September 2025	590,000	4,068,420	4,405,662	476,743	(74,491)	(411)	4,430,610	1,411,249	15,307,782

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 SEPTEMBER 2025

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

	Note	US Dollars (*)	Unaudited	
		Current Period 1 January- 30 September 2025	Current Period 1 January- 30 September 2025	Prior Period 1 January- 30 September 2024
A CASH FLOWS FROM OPERATING ACTIVITIES		42,057	1,745,207	3,643,416
Profit for the Period		34,009	1,411,249	1,307,533
Adjustments to reconcile net profit for the period		23,621	980,154	2,388,624
Changes on depreciation and amortization	8,9,10	14,076	584,141	679,555
Changes on expected credit loss		72	2,999	429
Provision for employee termination benefits	13	1,312	54,436	46,508
Changes on provision for unused vacation		189	7,832	13,868
Changes on provision for inventory impairment		(16)	(646)	3,134
Changes on other provision		31	1,276	139
Changes on foreign exchange gain and loss	22	8,934	370,817	581,968
Changes on gain on fixed assets sales		(12,664)	(525,533)	(16,167)
Changes on interets incomes		(22,850)	(948,250)	(462,486)
Changes on interets expenses		3,222	133,713	294,669
Changes on fair value of derivative instruments		131	5,416	(3,150)
Changes on financial investments	17	(1,480)	(61,438)	(3,651)
Changes on tax income and expenses		(802)	(33,265)	329,712
Adjustments related to monetary losses and (gain)		33,466	1,388,656	924,096
Changes in working capital		(12,633)	(524,236)	143,352
Adjustments related to decrease/(increase) in trade receivables	5	7,658	317,789	174,149
Adjustments related to decrease/(increases) in inventories	6	(8,629)	(358,090)	(280,413)
Adjustments related to decreases (increases) in other operating assets		(5,135)	(213,077)	440,381
Adjustments related to increases (decreases) in other operating liabilities		(2,159)	(89,576)	2,979
Adjustments related to increases (decreases) in trade payables	5	(4,845)	(201,064)	(238,607)
Adjustments related to increase/decrease in payables related to employee benefits		477	19,782	44,863
Cash Generated from Operating Activities		44,997	1,867,167	3,839,509
Seniority incentive premium and employee termination benefits paid	13	(751)	(31,147)	(20,948)
Accumulated leave paid	13	(49)	(2,014)	(3,138)
Income taxes paid		(2,140)	(88,799)	(172,007)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(18,557)	(770,059)	(631,307)
Cash inflows from the sale of property, plant and equipment and intangible assets	8,17	13,333	553,286	28,172
Cash outflows from the purchase of property, plant and equipment and intangible assets	8,9	(17,150)	(711,687)	(618,143)
Advances given for investment purposes		(11,076)	(459,628)	25,310
Changes in financial investments		(3,664)	(152,030)	(66,646)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(55,294)	(2,294,571)	1,985,221
Net cash inflows resulting from share premium		-	-	4,404,071
Capital increase		-	-	126,605
Cash inflows from borrowing	22	10,103	419,256	1,739,295
Cash outflows from repayments of borrowings	22	(47,588)	(1,974,835)	(2,362,179)
Interests paid		(3,700)	(153,536)	(243,616)
Dividends paid		(24,304)	(1,008,583)	(253,470)
Cash inflows and outflows from repayments of financial leaseings, net		(46)	(1,890)	(33,000)
Monetary gain and loss effect from cah flows of financial activities		(12,609)	(523,233)	(1,854,975)
Interests received		22,850	948,250	462,490
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES AND INFLATION (A+B+C)		(31,794)	(1,319,423)	4,997,330
D. THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(34,386)	(1,426,954)	(477,109)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(66,180)	(2,746,377)	4,520,221
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		169,603	7,038,254	1,807,584
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	26	103,423	4,291,877	6,327,805

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

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 activities 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:

Subsidiary Company	Principal activity	Place of incorporation and operation	Functional Currency	Proportion of ownership interest and voting power held by the Company (%)	
				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 1.069 as of 30 September 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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 23 October 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 September 2024 and 31 December 2024 on the purchasing power basis as of 30 September 2025.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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
30.09.2025	3,367.22	1.00000	222%
31.12.2024	2,684.55	1.25430	291%
30.09.2024	2,526.16	1.33294	343%

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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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)

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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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

Subsidiary Company	Principal activity	Place of incorporation and operation	Functional Currency	Proportion of ownership interest and voting power held by the Company (%)	
				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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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 September 2025 of TL 41,4984 = USD 1 and do not form part of these condensed consolidated financial statements.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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

Amendments to TFRS 17

Insurance Contracts

*Initial Application of TFRS 17 and TFRS 9—
Comparative Information*

TFRS 18

Amendments TFRS 9 and TFRS 7

Amendments TFRS 9 and TFRS 7

Presentation and Disclosures in Financial Statements

Classification and measurement of financial instruments

Power purchase arrangements

TFRS 19

Subsidiaries without Public Accountability: Disclosures

Annual Improvements

Annual Improvements to TFRS Accounting Standards –

Volume 11

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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) New and revised TFRSs in issue but not yet effective (cont'd)

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.

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.

TFRS 18 Presentation and Disclosures in Financial Statements

TFRS 18 includes requirements for all entities applying TFRS for the presentation and disclosure of information in financial statements. Applicable to annual reporting periods beginning on or after 1 January 2027.

Amendments TFRS 9 and TFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of TFRS 9 *Financial Instruments*. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Amendments TFRS 9 and TFRS 7 regarding power purchase arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

TFRS 19 Subsidiaries without Public Accountability: Disclosures

TFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. Applicable to annual reporting periods beginning on or after 1 January 2027.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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) New and revised TFRSs in issue but not yet effective (cont'd)

Annual Improvements to TFRS Accounting Standards - Volume 11

The pronouncement comprises the following amendments:

- TFRS 1: Hedge accounting by a first-time adopter
- TFRS 7: Gain or loss on derecognition
- TFRS 7: Disclosure of deferred difference between fair value and transaction price
- TFRS 7: Introduction and credit risk disclosures
- TFRS 9: Lessee derecognition of lease liabilities
- TFRS 9: Transaction price
- TFRS 10: Determination of a 'de facto agent'
- TAS 7: Cost method

Annual reporting periods beginning on or after 1 January 2026.

2.5 Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended 30 September 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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.

a) Related party transactions

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

	1 January- 30 September 2025	1 January- 30 September 2024
<u>Services received from related parties</u>		
<u>Services received from partners</u>		
Aydın Ögücü	4,591	4,067
Celal Ögücü	4,354	3,858
Orhan Ögücü	4,346	3,766
<u>Other companies controlled by shareholders</u>		
Trakyam Yumurta Gıda ve Üretim Anonim Şirketi	13,742	12,451
Total	27,033	24,142

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 September 2025 and 2024 are as follows:

	1 January- 30 September 2025	1 January- 30 September 2024
<u>Services provided to related parties</u>		
<u>Services provided to partners</u>		
Orhan Ögücü	63	142
<u>Other companies managed by shareholders</u>		
Trakyam Yumurta Gıda ve Üretim Anonim Şirketi	31	27
Hemipaş Gayrimenkul Geliştirme A.Ş.	-	10
Total	94	179

Maturity of related party 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 (20 people) (2024: 18 people) as of 30 September 2025 is TL 91,451 (30 September 2024: TL 88,625).

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

5. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

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

	30 September 2025	31 December 2024
Trade receivables	2,507,359	2,784,769
Cheques received	245,226	287,263
Doubtful receivables	4,331	3,740
Provision for doubtful receivables(-)	(4,331)	(3,740)
	<u>2,752,585</u>	<u>3,072,032</u>

As of 30 September 2025, the average receivables turnover days of the Company's is 78 days (31 December 2024: 79 days).

As of 30 September 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 September 2025	1 January- 30 September 2024
Opening balance	3,740	4,752
Effect of inflation index	(401)	(1,300)
Charge for the period/write off of provision	992	429
Closing balance as of 30 September	<u>4,331</u>	<u>3,881</u>

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

Short term trade payables	30 September 2025	31 December 2024
Due to third parties	678,700	879,764
	<u>678,700</u>	<u>879,764</u>

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

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

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

6. INVENTORIES

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
Raw materials and supplies	1,276,985	821,201
Finished goods	627,674	760,406
Semi-finished goods	79,990	77,054
Trade goods	6,304	1,325
Other inventory (*)	315,701	288,065
Provision for inventories (-)	(564)	(339)
	<u>2,306,090</u>	<u>1,947,712</u>

(*)As of 30 September 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 September 2025 and 31 December 2024, there is no mortgage or pledge on inventories.

7. PREPAID EXPENSES AND DEFERRED INCOME

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

<u>Short-term prepaid expenses</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Prepaid expenses	67,297	53,125
Advances given (*)	240,085	48,143
	<u>307,382</u>	<u>101,268</u>

(*) The order advances given include order advances of 115.9 million TL for pulp purchases, 38.3 million TL for distribution of electricity, and 36.6 million TL for coal purchases.

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

<u>Long-term prepaid expenses</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Advances given for fixed asset purchases (*)	534,452	74,824
Prepaid expenses	3,364	445
	<u>537,816</u>	<u>75,269</u>

(*) As of 30 September 2025, TL 426.7 million of the long-term advances given are related to Erzurum production facility investment, TL 42 million related to Ergene production facility investment and the remaining amount is related to other investments. As of 31 December 2024, TL 74.8 million of the investment advances given, TL 35.7 million is related to Erzurum investment and the remaining TL 39.1 million is related to other ongoing investments in Ergene production facility.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

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

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

<u>Short-term deferred income</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Advances received	11,971	145,883
Bank promotion incomes	21,563	-
	<u>33,534</u>	<u>145,883</u>

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

<u>Long-term deferred income</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Bank promotion incomes	35,919	-
	<u>35,919</u>	<u>-</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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	176,453	4,543	1,865,787	10,748,736	77,425	318,460	53,271	858,211	14,102,886
Additions	-	-	-	19,081	240,377	13,315	-	438,328	711,101
Disposals	-	-	-	(765,703)	-	(6,845)	-	-	(772,548)
Transfers(*)	-	2,141	-	159,632	-	1,150	-	(172,632)	(9,709)
Closing balance as of 30 September 2025	176,453	6,684	1,865,787	10,161,746	317,802	326,080	53,271	1,123,907	14,031,730
Accumulated depreciation									
Opening balance as of 1 January 2025	-	3,058	785,836	6,069,650	58,895	221,575	53,271	-	7,192,285
Charge for the period	-	207	31,906	436,156	26,010	19,049	-	-	513,328
Disposals	-	-	-	(738,048)	-	(6,747)	-	-	(744,795)
Closing balance as of 30 September 2025	-	3,265	817,742	5,767,758	84,905	233,877	53,271	-	6,960,818
Carrying value as of 30 September 2025	176,453	3,419	1,048,045	4,393,988	232,897	92,203	-	1,123,907	7,070,912

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

As of 30 September 2025, the insurance coverage amount on fixed assets is TL 20,493,429.

(*) As of 30 September 2025, construction in progress amounting to TL 9,709 have been transferred to rights within property, plant and equipment.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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	117,913	4,544	1,863,140	10,278,467	83,151	294,245	53,287	574,916	13,269,663
Additions	58,541	-	-	3,632	-	12,997	-	540,704	615,874
Disposals	-	-	-	(3,927)	(6,204)	(4,677)	-	(6,904)	(21,712)
Transfers(*)	-	-	363	475,592	-	-	-	(479,807)	(3,852)
Closing balance as of 30 September 2024	176,454	4,544	1,863,503	10,753,764	76,947	302,565	53,287	628,909	13,859,973
Accumulated depreciation									
Opening balance as of 1 January 2024	-	2,866	743,217	5,391,019	53,915	200,738	53,272	-	6,445,027
Charge for the period	-	144	31,959	510,641	8,248	19,221	12	-	570,225
Disposals	-	-	-	(2,083)	(6,204)	(4,664)	-	-	(12,951)
Closing balance as of 30 September 2024	-	3,010	775,176	5,899,577	55,959	215,295	53,284	-	7,002,301
Carrying value as of 30 September 2024	176,454	1,534	1,088,327	4,854,187	20,988	87,270	3	628,909	6,857,672

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

As of 30 September 2024, the insurance coverage amount on fixed assets is TL 17,061,557.

(*) As of 30 September 2024, construction in progress amounting to TL 3,852 have been transferred to rights within property, plant and equipment.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

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

	1 January- 30 September 2025	1 January- 30 September 2024
Depreciation expenses		
Cost of sales	473,320	550,475
Marketing and sales expenses	28,051	9,750
Administrative expenses	11,957	10,000
	<u>513,328</u>	<u>570,225</u>

9. INTANGIBLE ASSETS

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

Cost value	Rights	Total
Opening balance as of 1 January 2025	100,727	100,727
Additions	586	586
Transfers from property, plant and equipment	9,709	9,709
Closing balance as of 30 September 2025	<u>111,022</u>	<u>111,022</u>
Accumulated amortization		
Opening balance as of 1 January 2025	60,218	60,218
Charge for the period	3,300	3,300
Closing balance as of 30 September 2025	<u>63,518</u>	<u>63,518</u>
Net carrying value as of 30 September 2025	<u>47,504</u>	<u>47,504</u>
Cost value	Rights	Total
Opening balance as of 1 January 2024	91,659	91,659
Additions	2,268	2,268
Transfers from property, plant and equipment	3,853	3,853
Disposals	(4,110)	(4,110)
Closing balance as of 30 September 2024	<u>93,670</u>	<u>93,670</u>
Accumulated amortization		
Opening balance as of 1 January 2024	57,404	57,404
Charge for the period	2,794	2,794
Disposals	(865)	(865)
Closing balance as of 30 September 2024	<u>59,333</u>	<u>59,333</u>
Net carrying value as of 30 September 2024	<u>34,337</u>	<u>34,337</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

9. INTANGIBLE ASSETS (cont'd)

	1 January- 30 September 2025	1 January- 30 September 2024
<u>Amortization expenses</u>		
Cost of sales	93	96
Marketing and sales expenses	189	189
Administrative expenses	3,018	2,509
	<u>3,300</u>	<u>2,794</u>

As of 30 September 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 September 2025 and 2024 is as follows:

	1 January- 30 September 2025	1 January- 30 September 2024
<u>Right of use assets</u>		
Opening balances	163,241	181,272
New leases	23,598	55,551
Charge for the period	(67,513)	(106,537)
Carrying value	<u>119,326</u>	<u>130,286</u>

	1 January- 30 September 2025	1 January- 30 September 2024
<u>Balances recognized in profit or loss</u>		
Depreciation expense	(67,513)	(106,537)
Interest on lease liabilities	(5,299)	(6,061)
Foreign exchange loss on foreign currency lease liabilities	(7,033)	(3,300)

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions and contingent assets

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
Provision for employee benefits	24,595	23,554
Other provisions	10,930	14,613
- <i>Lawsuit provisions</i>	10,699	14,434
- <i>Provision of supplier commissions</i>	231	179
	<u>35,525</u>	<u>38,167</u>

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

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
Long term provision for employee termination benefits		
- <i>Employee termination indemnity liability</i>	105,588	99,835
- <i>Seniority incentive premium liability</i>	21,374	19,845
	<u>126,962</u>	<u>119,680</u>

Long-term provisions for employee benefits consist of provision for benefits and seniority incentive premiums.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

12. COMMITMENTS**a) Guarantee-Pledge-Mortgages ("GPMBs")**

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

	30 September 2025		31 December 2024	
	Original Currency	TL Equivalent	Original Currency	TL Equivalent
A. CPMB's given for Company's own legal personality				
Guarantee				
-TL	11,528	11,528	31,396	31,396
-USD	1,896	78,683	4,954	218,871
-EUR	-	-	4,000	184,346
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		<u>90,211</u>		<u>434,613</u>

As of 30 September 2025 and 31 December 2024, the ratio of other GPMs given by the Group to the Group's equity are 0.59% and 2.91%, respectively. As of 30 September 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 September 2025 and 31 December 2024, there is no mortgage or pledge on the Group assets.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

12. COMMITMENTS (cont'd)**b) Guarantees received**

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

<u>Letter of guarantees received</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Letter of guarantees received from customers	247,901	72,254
Letter of guarantees received for fixed asset investments	101,450	24,322
Letter of guarantees received from suppliers	19,184	20,244
	<u>368,535</u>	<u>116,820</u>
 <u>Other guarantees received</u>	 <u>30 September 2025</u>	 <u>31 December 2024</u>
Credit insurance	930,070	503,216
Cheques and bills received from customers	75,000	94,073
Cheques and bills received from suppliers	2,250	-
Mortgages	350	439
Other guarantees	755	1,751
	<u>1,008,425</u>	<u>599,479</u>
 <u>Total guarantees received</u>	 <u>30 September 2025</u>	 <u>31 December 2024</u>
Guarantees received from customers	1,254,076	671,732
Guarantees received from suppliers	122,884	44,567
	<u>1,376,960</u>	<u>716,299</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

13. EMPLOYEE BENEFITS

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
Employee termination indemnity liability	105,588	99,835
Unused vacation allowance	24,595	23,554
Seniority incentive premium liability	21,374	19,845
	<u>151,557</u>	<u>143,234</u>

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

<u>Movement of provision for employment termination benefits</u>	<u>1 January- 30 September 2025</u>	<u>1 January- 30 September 2024</u>
Opening balance	99,835	36,311
Effect of inflation index	(22,721)	(15,674)
Interest cost	17,292	5,889
Service cost	23,560	40,619
Paid severance pay	(23,115)	(20,948)
Actueryal (gain) / loss	10,737	8,872
Balance as of 30 September	<u>105,588</u>	<u>55,069</u>

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

<u>Seniority incentive premium liability</u>	<u>1 January- 30 September 2025</u>	<u>1 January- 30 September 2024</u>
Opening balance	19,845	-
Effect of inflation index	(4,023)	-
Service cost	10,361	-
Interest cost	3,223	-
Seniority incentive premium paid	(8,032)	-
Closing balance as of 30 September	<u>21,374</u>	<u>-</u>

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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

13. EMPLOYE BENEFITS (cont'd)

Payables related to employee benefits

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

	30 September 2025	31 December 2024
Due to personnel	110,413	95,275
Social security premiums payable	40,629	35,985
	<u>151,042</u>	<u>131,260</u>

14. OTHER ASSETS AND LIABILITIES

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

<u>Other current assets</u>	30 September 2025	31 December 2024
Deferred VAT	-	59,316
Receivables from Tax Office	8,714	6,559
Other	1,061	708
	<u>9,775</u>	<u>66,583</u>

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

<u>Other short-term liabilities</u>	30 September 2025	31 December 2024
Taxes and dues payable	42,855	60,075
Other	7,112	3,038
	<u>49,967</u>	<u>63,113</u>

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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 2025 and 31 December 2024, the shareholding structure of the Group is as follows:

	30 September 2025		31 December 2024	
	Share Ratio (%)	Amount (TL)	Share Ratio (%)	Amount (TL)
Orhan Ögücü	11.60	68,462	14.30	84,392
Aydın Ögücü	8.11	47,832	11.06	65,237
Celal Ögücü	5.99	35,352	8.94	52,757
Hatice Ögücü	5.61	33,101	8.56	50,506
Other Ögücü 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		4,068,420		4,068,420

As of 30 September 2025, capital adjustment differences amounting to TL 4,068,420 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 4,068,420).

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 Ögücü, Celal Ögücü, Aydın Ögücü, Hatice Ögücü, Burcu Ögücü Giritli, Alp Ögücü, Duygu Ögücü, Huriye Ögücü, Nuray Darıcı, Murat Ögücü, İrem Ögücü Öngen, Onur Ögücü, 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 Ögücü 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 September 2025 and 31 December 2024 are as follows:

	30 September 2025	31 December 2024
Legal Reserves	476,743	282,384
	476,743	282,384

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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 September 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 Communiqué 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. As of July 1, 2025, dividend payment to shareholders has been completed in cash.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 2025, it consists of actuarial gains or (losses) recognized as other comprehensive income related to provision for employment termination benefit amounting to TL (8,053) (30 September 2024: TL (6,654)).

16. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Other operating incomes				
Foreign exchange gains from operations	412,755	341,856	62,796	141,261
Scrap sale incomes	23,410	24,285	7,740	5,764
Other incomes	22,172	38,053	5,477	3,923
	<u>458,337</u>	<u>404,194</u>	<u>76,013</u>	<u>150,948</u>

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Other operating expenses				
Foreign exchange loss from operating activities	-	(909)	-	1,565
Recovery contribution share	(14,073)	(10,460)	(2,753)	(3,327)
Provision expense	(2,163)	(3,388)	4,387	(177)
Late charge expenses(*)	-	(2,671)	611	162
Tax expense paid under law no. 7326	(43)	(5,228)	(2)	(677)
Other expenses	(6,012)	(16,972)	(4,278)	(1,664)
	<u>(22,291)</u>	<u>(39,628)</u>	<u>(2,035)</u>	<u>(4,118)</u>

(*) 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 September 2025 and 2024 are as follows:

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Incomes from investing activities				
Gain on disposal of property, plant and equipment	525,533	16,167	87,514	9,507
Profit on sale of marketables	61,438	3,651	28,759	3,651
	<u>586,971</u>	<u>19,818</u>	<u>116,273</u>	<u>13,158</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

18. FINANCE INCOME AND EXPENSES

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Finance incomes				
Interest incomes	948,250	790,622	267,735	455,936
Foreign exchange gains,net	48,540	55,557	10,197	24,418
Gain from derivative instruments	-	2,367	-	329
	<u>996,790</u>	<u>848,546</u>	<u>277,932</u>	<u>480,683</u>

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Finance expenses				
Foreign exchange losses	(356,751)	(581,969)	(51,137)	(208,705)
Interest expenses	(172,140)	(310,344)	(46,101)	(93,952)
Loss from derivative instruments	(45,817)	-	3,790	-
	<u>(574,708)</u>	<u>(892,313)</u>	<u>(93,448)</u>	<u>(302,657)</u>

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.

<u>Current tax liability:</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Corporate tax provision	(56,899)	(167,988)
Less: prepaid taxes and funds	175,110	244,192
	<u>118,211</u>	<u>76,204</u>

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
<u>Current tax income/(expense) :</u>				
Corporate tax (-)	(56,899)	(152,376)	32,428	69,491
Deferred tax (expenses)/income	80,057	(177,336)	23,138	(67,203)
	<u>23,158</u>	<u>(329,712)</u>	<u>55,566</u>	<u>2,288</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 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 September 2025 and 31 December 2024, total temporary differences and deferred tax assets/(liabilities) are as follows:

	30 September 2025		31 December 2024	
	Total temporary differences	Deferred tax assets / (liabilities)	Total temporary differences	Deferred tax assets / (liabilities)
Investments allowances	(662,834)	95,297	(14,006)	2,177
The tax impact of statutory inflation accounting	(1,440,515)	28,099	-	-
Adjustments related to property, plant and equipment and intangible assets	1,381,004	(331,441)	1,220,529	(305,132)
Adjustments related to financial borrowings	(3,156)	730	(7,672)	1,918
Adjustments related to financial leasing	(50,848)	11,968	(67,927)	16,982
Adjustments related to severance pay provisions	(62,560)	15,014	(51,194)	12,799
Adjustments related to unpaid leave provisions	(24,595)	5,657	(23,554)	5,889
Adjustments related to right of use assets	119,326	(28,638)	163,241	(40,810)
Adjustments related to doubtful receivables	(2,287)	549	(1,489)	373
Adjustments related to trade receivables	(25,811)	6,195	(45,890)	11,472
Adjustments related to derivative instruments	-	-	5,416	(1,355)
Adjustments related to lawsuit provisions	(10,700)	2,461	(14,435)	3,609
Adjustments related to inventories	222,125	(51,089)	157,886	(36,307)
Other	(14,860)	3,520	(15,875)	3,966
Deferred tax assets	(575,711)	(241,678)	1,305,030	(324,419)

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

	1 January- 30 September 2025	1 January- 30 September 2024
Movement of deferred tax (assets) / liabilities		
Opening balance as of 1 January	(324,419)	(89,096)
Amounts under profit or loss	80,057	(177,336)
Amounts under other comprehensive income	2,684	2,218
Closing balance as of 30 September	(241,678)	(264,214)

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Profit for the year	1,411,249	1,307,534	411,241	467,865
Average number of shares outstanding during the year	590,000	590,000	590,000	590,000
Earnings per share	2.392	2.216	0.697	0.793

21. DERIVATIVE INSTRUMENTS

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

Forward foreign exchange transactions	30 September 2025	31 December 2025
Assets	-	5,416
Liabilities	-	-

As of 30 September 2025, the Group does not have any forward purchase contracts. As of 31 December 2024, the Group has forward purchase contracts amounting to EUR 22,577 equivalent of USD 23,684 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

22. FINANCIAL INSTRUMENTS

Financial Liabilities

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

Financial borrowings	30 September 2025	31 December 2024
Financial borrowings	207,908	1,618,108
Short-term financial leaseings (*)	23,588	27,021
Current installments of long-term borrowings	682,318	596,939
	<u>913,814</u>	<u>2,242,068</u>

(*) 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 September 2025 and 31 December 2024 are as follows:

Financial borrowings	30 September 2025	31 December 2024
Long-term financial borrowings	307,908	695,715
Long-term financial leaseings (*)	27,260	40,908
	<u>335,168</u>	<u>736,623</u>

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

As of 30 September 2025, the Group has financial commitments from HSBC amounting to EUR 1,811 (31 December 2024: EUR 6,813) for the remaining loan balance of TL 88,088 (31 December 2024: TL 250,358).

Short and long term bank borrowings

Currency	Average effective interest rate %	30 September 2025	
		Short-term	Long-term
US Dollars	8.23	235,837	207,908
TL	49.52	76,546	100,000
Euro	4.75	577,843	-
		<u>890,226</u>	<u>307,908</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

22. FINANCIAL INSTRUMENTS (cont'd)**Financial Liabilities (cont'd)**

Short and long term bank borrowings

Currency	Average effective interest rate %	31 December 2024	
		Short-term	Long-term
US Dollars	6.88	1,899,978	-
TL	45.19	101,120	150,516
Euro	3.89	213,949	545,199
		<u>2,215,047</u>	<u>695,715</u>

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

Repayments of borrowings	30 September 2025	31 December 2024
To be paid within 1 year	890,226	2,215,047
To be paid between 1-5 years	307,908	695,715
	<u>1,198,134</u>	<u>2,910,762</u>

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

	1 January- 30 September 2025	1 January- 30 September 2024
Opening balance	2,910,762	4,921,829
Effects of inflation index	(495,711)	(1,353,074)
Additions	419,256	1,739,295
Principal payments	(2,128,371)	(2,605,795)
Interest expenses	128,414	288,610
Foreign exchanges	363,784	578,668
Closing balance as of 30 September	<u>1,198,134</u>	<u>3,569,533</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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 September 2025 and 31 December 2024, 46% and 22% 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 September 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 2025 and 31 December 2024 are TL 4,416 and TL 3,899 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 September 2025	31 December 2024
1- 90 days overdue	374,440	731,346
3- 6 months overdue	164,217	223,427
6- 12 months overdue	235,889	85,118
Total overdue receivables	774,546	1,039,891
Covered part with guarantee	674,730	520,695
	99,816	519,196

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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

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 September 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 2025					
	TL Equivalent	US Dollars	Euro	GBP	CHF	JPY
1. Trade receivables	1,954,596	28,353	15,954	-	-	-
2a. Monetary assets	2,181,840	47,702	4,131	-	9	-
2b. Non-Monetary assets	156,614	3,732	27	6	-	282
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	4,293,050	79,787	20,112	6	9	282
5. Trade receivables	-	-	-	-	-	-
6a. Monetary assets	521,162	1,068	9,781	-	-	-
6b. Non-Monetary assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	521,162	1,068	9,781	-	-	-
9. Total assets (4+8)	4,814,212	80,855	29,893	6	9	282
10. Trade payables	335,343	5,819	1,911	2	-	-
11. Financial liabilities	813,783	5,682	11,825	-	-	-
12a. Monetary liabilities	10,375	242	7	-	-	-
12b. Non-Monetary liabilities	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	1,159,501	11,743	13,743	-	-	-
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	207,908	5,000	-	-	-	-
16a. Monetary liabilities	-	-	-	-	-	-
16b. Non-Monetary liabilities	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	207,908	5,000	-	-	-	-
18. Total liabilities (13+17)	1,367,409	16,743	13,743	-	-	-
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)	3,446,803	64,112	16,150	6	9	282
21. Positions of monetary items net foreign currency assets/ (liabilities) (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	3,446,803	64,112	16,150	6	9	282

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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	2,339,809	39,902	12,459	-	-
2a. Monetary assets	3,553,306	66,861	12,903	-	1
2b. Non-Monetary assets	3,198	62	10	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	5,896,313	106,825	25,371	-	1
5. Trade receivables	-	-	-	-	-
6a. Monetary assets	105,766	1,335	1,006	6	-
6b. Non-Monetary assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	105,766	1,335	1,006	6	-
9. Total assets (4+8)	6,002,079	108,160	26,377	6	1
10. Trade payables	487,202	9,716	1,007	-	-
11. Financial liabilities	2,113,927	42,858	4,635	-	-
12a. Monetary liabilities	133,005	390	2,723	-	-
12b. Non-Monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	2,734,134	52,964	8,365	-	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	545,199	-	11,811	-	-
16a. Monetary liabilities	-	-	-	-	-
16b. Non-Monetary liabilities	-	-	-	-	-
17. Long-term liabilities (14+15+16)	545,199	-	11,811	-	-
18. Total liabilities (13+17)	3,279,333	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)	2,722,746	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)	2,722,746	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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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 September 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	265,985	(265,985)	265,985	(265,985)
2- Amount hedged for US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1 + 2)	<u>265,985</u>	<u>(265,985)</u>	<u>265,985</u>	<u>(265,985)</u>
In case the EUR gains / loses 10% against TL				
4- Euro net asset / liability	78,615	(78,615)	78,615	(78,615)
5- Amount hedged for Euro risk (-)	-	-	-	-
6- Euro net effect (4 + 5)	<u>78,615</u>	<u>(78,615)</u>	<u>78,615</u>	<u>(78,615)</u>
In case the GBP gains / loses 10% against TL				
7- GBP net asset / liability	24	(24)	24	(24)
8- Amount hedged for GBP (-)	-	-	-	-
9- GBP net effect (7+8)	<u>24</u>	<u>(24)</u>	<u>24</u>	<u>(24)</u>
In case the JPY gains / loses 10% against TL				
10- JPY net asset / liability	8	(8)	8	(8)
11- Amount hedged for JPY (-)	-	-	-	-
12- JPY net effect (10+11)	<u>8</u>	<u>(8)</u>	<u>8</u>	<u>(8)</u>
In case the CHF gains / loses 10% against TL				
13- CHF net asset / liability	48	(48)	48	(48)
14- Amount hedged for CHF (-)	-	-	-	-
15- CHF net effect (13+14)	<u>48</u>	<u>(48)</u>	<u>48</u>	<u>(48)</u>
TOTAL (3 + 6 + 9 +12+15)	<u>344,680</u>	<u>(344,680)</u>	<u>344,680</u>	<u>(344,680)</u>

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TRY at 30 September 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		243,831	(243,831)	243,831	(243,831)
2- Amount hedged for US Dollar risk (-)		-	-	-	-
3- US Dollar net effect (1 + 2)		<u>243,831</u>	<u>(243,831)</u>	<u>243,831</u>	<u>(243,831)</u>
In case the EUR gains / loses 10% against TL					
4- Euro net asset / liability		28,408	(28,408)	28,408	(28,408)
5- Amount hedged for Euro risk (-)		-	-	-	-
6- Euro net effect (4 + 5)		<u>28,408</u>	<u>(28,408)</u>	<u>28,408</u>	<u>(28,408)</u>
In case the GBP gains / loses 10% against TL					
7- GBP net asset / liability		31	(31)	31	(31)
8- Amount hedged for GBP (-)		-	-	-	-
9- GBP net effect (7+8)		<u>31</u>	<u>(31)</u>	<u>31</u>	<u>(31)</u>
In case the CHF gains / loses 10% against TL					
10- CHF net asset / liability		5	(5)	5	(5)
11- Amount hedged for CHF (-)		-	-	-	-
12- CHF net effect (10+11)		<u>5</u>	<u>(5)</u>	<u>5</u>	<u>(5)</u>
TOTAL (3 + 6 + 9 +12)		<u>272,275</u>	<u>(272,275)</u>	<u>272,275</u>	<u>(272,275)</u>

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
<u>30 September 2025</u>			
Derivative instruments	-	-	-
<u>31 December 2024</u>			
Derivative instruments	-	5,416	-

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025

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

25. EVENTS AFTER THE REPORTING PERIOD

In line with Company's strategic objectives, a binding letter of intent (LoI) has been signed on October 14, 2025, with a Company established in Romania, operating in the hygienic paper products sector with the purpose of initiating negotiations for the potential acquisition of all or part of the shares representing its capital, or to evaluate potential cooperation opportunities, conditional upon the positive outcome of the relevant financial, legal, and tax due diligence work.

Pursuant to the resolution of Board of Directors dated October 20, 2025, it has been decided to deactivate five (5) gas engines included in energy generation ("**Transaction**") license EÜ/4556-3/02626 (dated April 17, 2014) related to the Çorlu Cogeneration Plant and to install one (1) diesel generator unit (691 kW – 927 HP). The license amendment application has been submitted to the Energy Market Regulatory Authority (EMRA) on October 21, 2025, and further information will be disclosed following EMRA's evaluation on our application. Due to the uncertainty of the "**Transaction**", the disclosure of this announcement was postponed until a decision is made based on the analytical studies conducted regarding the continuation of the activities under the generation license, pursuant to the resolution of Board of Directors dated October 1, 2024.

The investment process for production facility, to progress in phases in Erzurum Industrial Zone on the 144,733.41 m² area previously allocated to Company is ongoing. Within the scope of the zoning amendment approved by the Republic of Türkiye Ministry of Industry and Technology in this region, an additional area has been allocated to Company, increasing the total allocated area to 168,316.08 m². The notification regarding this allocation was delivered to Company by Erzurum II. Organized Industrial Zone Directorate on October 16, 2025. This allocation has been submitted to the Erzurum Land Registry Directorate for registration procedures.

26. CASH AND CASH EQUIVALENTS

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

	30 September 2025	31 December 2024
Banks	4,248,900	6,983,249
- Demand deposits (*)	2,482,662	197,214
- Time deposits	1,766,238	6,786,035
Other cash and cash equivalents (**)	42,977	55,005
Total	4,291,877	7,038,254

(*) As of 30 September 2025, TL 2.2 billion of demand deposits are invested in money market funds.

(**) As of 30 September 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.

LİLA KAĞIT SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 30 SEPTEMBER 2025**

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

26. CASH AND CASH EQUIVALENTS (cont'd)

			30 September 2025	
Currency	Effective interets rate (%)	Maturity	Original currency	TL Equivalent
TL	39,75-41	1-30 Days	192,199	192,199
Euro	1.17	1-30 Days	2,357	95,921
US Dollars	3.80-3.83	1-30 Days	39,139	1,478,118
				<u>1,766,238</u>
			31 December 2024	
Currency	Effective interets rate (%)	Maturity	Original currency	TL Equivalent
TL	44-46	1-30 Days	3,427,411	3,427,411
Euro	2.25-3.84	1-30 Days	11,703	539,358
US Dollars	2.30-3.95	1-30 Days	63,812	2,819,266
				<u>6,786,035</u>