



Earnings Release

3Q25

Value Creation Focus in a Challenging Environment



Alp Ögücü, Lila Kağıt CEO commented:

Thanks to our profitable growth strategy, we continue to create value in a challenging context

We have left behind a challenging quarter within a context of ongoing geopolitical sensitivities and macroeconomic uncertainties. In a period of persistent customs tariff discussions, the relatively low pulp pricing in global markets and the fact that the appreciation of foreign exchange rates stayed below the inflation rate in Türkiye put our sales volume and net sales under pressure. While the jumbo roll business - mainly consisting of export markets- sales volume contracted by 16% compared to the third quarter of 2024, the converting business sales volume, consisting mainly of domestic market, grew by 8%. Total sales tonnage volume contracted by 10% to 46.2K tons in Q3 2025 due to the loose demand conditions in our export markets, especially on the European side, despite being partially offset by the positive domestic and international momentum in the converting business.

In these challenging conditions, our net sales revenue was recorded as TL 3.2 billion as of the third quarter of 2025, while net sales reached TL 10.1 billion in the first nine months of 2025. Our gross profit in this quarter was recorded as 1 billion TL. Our gross profit margin was 31.5% compared to the same period of the previous year, thanks to effective cost management on a per ton basis. Despite weak demand conditions, EBITDA increased by 3.4% year-on-year to TL 663 million, while EBITDA margin was recorded as 20.8% in this quarter, with our profitable growth focus. Our net profit for the period was 411 million TL in the third quarter of 2025 and 1.4 billion TL in the nine-month period of 2025, while the net profit margin was recorded as 12.9% in the third quarter of 2025 and 14.0% in the nine-month period of 2025 with the effect of tight expense management.

During this period, we continued to our investments without hesitation. In this context, more than TL 723 million has been spent in 2025 for our Erzurum project investment. Aligned with our sustainability strategy, we expect the Erzurum facility to become fully operational with the Converting production unit instalment in the last quarter of 2025. At our Ergene plant, investments in automation and software-supported smart warehouse systems are ongoing. These initiatives are expected to drive capacity expansion in our converting business lines, to improve efficiency through new industrial lines, and deliver savings in fixed costs.

Considering the ongoing uncertainties in international trade regulations and customs regimes, as well as the weak external demand environment, we are revising our 2025 sales volume growth guidance from “flat” to “slight contraction.” However, we maintain our “growth” expectation for export (new markets) sales volumes and for the Turkish converting market, supported by our strong brand portfolio and relatively mild domestic demand environment. In addition, we are maintaining our Gross Margin, Operating Margin, and EBITDA Margin guidance at current levels, supported by our proactive raw material procurement and disciplined cost control management. Despite the persistent rise in TL-denominated expenses driven by the high inflationary environment, the lower-than-expected growth in net sales—mainly due to limited currency depreciation and the downward trend in pulp prices—has led us to revise our operating expenses to net sales ratio guidance from “<15%” to “<17%”.

While moving towards the end of the year, we continue to accelerate our efficiency and optimization initiatives in line with our sustainable and profitable growth targets. Thanks to our unique business model, we leverage the growth potential of our markets and the strength of our portfolio. Our priorities remain as enhancing working capital efficiency within our disciplined financial management approach, optimizing operating expenses, and increasing the share of higher value generating products. We believe that our profitable growth strategy and strong balance sheet—with strong liquidity and effective hedging against currency risk—will enable us to maintain our leading position in our industry. Looking ahead, we are committed to sustainable value creation for our shareholders.

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Operational Performance:

(kTon)	3Q 2024	3Q 2025	y/y%	9M 2024	9M 2025	y/y%
Total Production Tonnage	53.0	50.0	-6%	167.0	157.0	-6%
Capacity Utilization Rate	87%	82%		91%	86%	
Total Sales Tonnage	51.1	46.2	-10%	160.0	148.1	-7%
<i>Domestic sales ratio</i>	<i>22%</i>	<i>25%</i>		<i>21%</i>	<i>25%</i>	
<i>Export Sales Ratio</i>	<i>78%</i>	<i>75%</i>		<i>79%</i>	<i>75%</i>	

In 3Q25:

- Production volume declined due to weak demand in export markets, contracting by 6% to 50 ktons (9M25: -6%, 157 ktons). During the same period, all companies operating in Turkey's tissue paper sector experienced a decrease in production volume, with the overall capacity utilization rate (CUR) standing at 75%, while the Company's CUR reached 82% (9M 2025: 86%).
- The share of jumbo roll and converting sales volumes in total paper sales volume was recorded as 68% and 32%, respectively (9M24: 71% and 29%).
- Jumbo roll volume declined by 16%, mainly due to the customs duties related uncertainties in global pulp prices and weak demand conditions (9M24: -13%).
- Converting sales volume increased by 8%, supported by relatively stable domestic demand and the contribution of the strong brand portfolio in both domestic and export markets (9M24: 9%).
- The share of export and domestic markets in total paper sales volume was 75% and 25%, respectively (9M24: 75% and 25%).

Financial Performance:

3Q 2025 and 3Q 2024 results have been prepared in accordance with the reporting standard of TAS 29 Financial Reporting in Hyperinflation Economies. Financial statements as of 30 September 2024 and 31 December 2024 are presented on the purchasing power basis as of 30 September 2025.

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Comprehensive Income or Loss ('000 TL)				
Net Sales	10,098,983	12,338,350	3,187,885	4,029,435
Gross Profit	3,107,528	3,506,086	1,002,688	994,555
Operating Profit	1,873,072	2,159,509	535,509	564,030
Net Profit	1,411,249	1,307,534	411,241	467,865
EBITDA	2,021,167	2,474,498	663,332	641,811
Adj. EBITDA	2,433,922	2,816,354	726,128	783,072
Key Ratios				
Gross Profit Margin	30.8%	28.4%	31.5%	24.7%
Operating Profit Margin	18.5%	17.5%	16.8%	14.0%
Net Profit Margin	14.0%	10.6%	12.9%	11.6%
EBITDA Margin	20.0%	20.1%	20.8%	15.9%
Adj. EBITDA Margin	24.1%	22.8%	22.8%	19.4%



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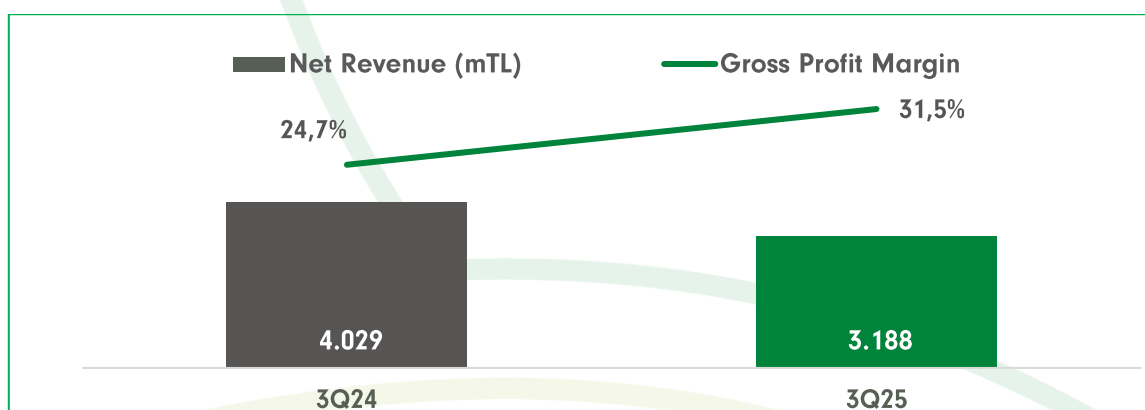
In 3Q25:

Net Sales:

- Primarily due to increasing competition in both the domestic and export markets, the fact that net sales are largely composed of export revenues, and the lower increase in foreign exchange rates compared to inflation, net sales decreased by 21% year-on-year to 3.2 billion TL. (9M25: 10.1 billion TL, -18%)
- The share of jumbo roll and converting products in total sales was 58% and 36%, respectively, while other sales revenues accounted for 6%. (9M25: 61%, 34%, and 5%)
- Jumbo roll sales revenues were recorded as TL 1.9 billion (9M25: TL 6.2 billion), while converting sales revenues were TL 1.2 billion (9M25: TL 3.5 billion).
- During the 2025 nine-month period, the average pulp price per ton in USD decreased by 13% compared to the same period last year, exerting pressure on our product sales prices.

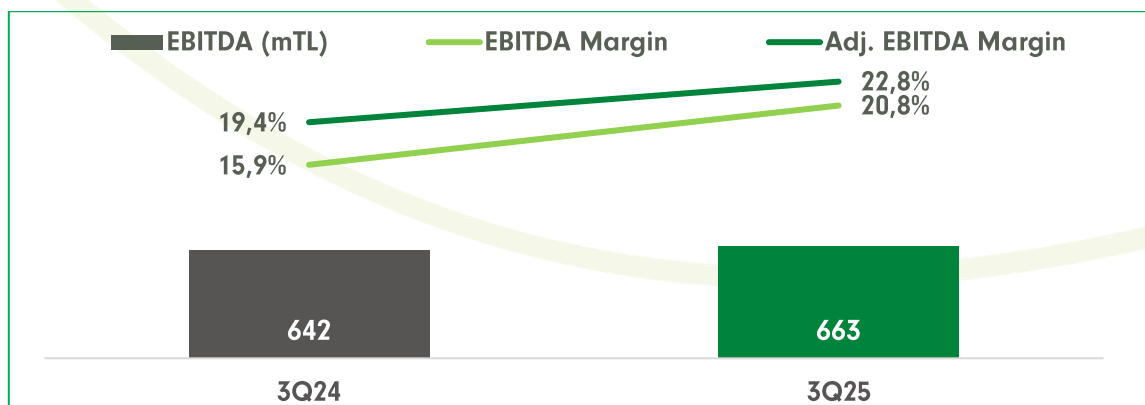
Gross Profit and Gross Profit Margin:

- The gross profit margin increased by 677 bps to 31.5% in 3Q25, driven by disciplined raw material cost management, efficient procurement and relatively stable energy prices. (9M25: 30.8%, +235 bps)
- Gross profit rose by 0.8% year-on-year to TL 1 billion in the third quarter of 2025. (9M25: TL 3.1 billion -11%)



EBITDA and EBITDA Margin:

- The EBITDA margin increased by 488 bps to 20.8%, driven by higher share of value-added products and the implementation of operational efficiency initiatives. (9M25: 20.0%; flat),
- EBITDA rose by 3.4% year-on-year to TL 663 million in 3Q25. (9M25: TL 2.0 billion, -18%)
- The Adjusted EBITDA margin, which includes foreign exchange gains and losses related to trade receivables and payables directly associated with the Company's operations, increased by 334 bps to 22.8% (9M25: 24.1%, up 127 bps).

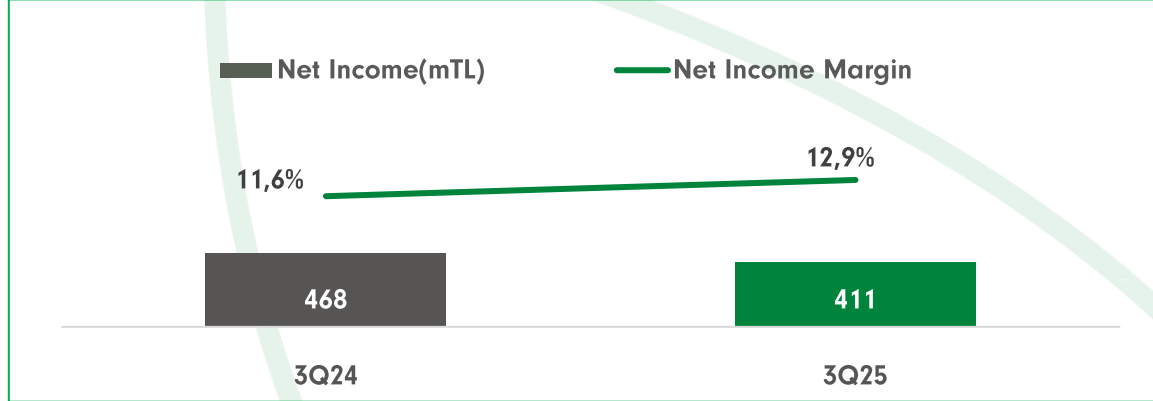


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Net Income & Net Income Margin:

- Despite ongoing geopolitical risks, customs tariff uncertainties and weak demand in export markets, the net profit margin increased by 129 bps to 12.9%, supported by the higher share of value-added products, strict cost management, disciplined control of operating expenses, and financial efficiency initiatives. (9M25: 14.0%, +338 bps)
- Net profit was recorded as TL 411 million in the third quarter of 2025. (9M25: TL 1.4 billion)



In 9M25:

Free Cash Flow:

- Despite the increase in capex & working capital utilization, sound free cash flow generation continued in the first nine months of 2025, on the back of our profitable and unique business model. During this period, the Company generated TL 1.9 billion cash from operations, while free cash flow generation was registered at TL 1.25 billion. The conversion ratio of EBITDA to free cash flow was realized as 62% in the same period.

Capex:

- In the first nine months of 2025, total capital expenditures amounted to TL 1.2 billion, of which TL 141,6 million was allocated to the Ergene production facility and TL 723.4 million was allocated to the Erzurum production facility.
- The Erzurum factory investment, planned to be executed in phases, is aimed to build the first heavy-industry facility in Doğu Anadolu and Karadeniz regions of Türkiye, operating in the tissue paper sector. This investment is intended to lead the region's industrialization efforts and strengthen the Company's market share in both national and export markets.
- At the Ergene production facility, ongoing efficiency-focused investments aim capacity expansion and modernization. Moreover, the ongoing smart warehouse project is expected to enhance operational efficiency in inventory management and logistics cost management. Through these initiatives, the Company aims to maintain its growth momentum while positioning itself among the world's largest fully integrated production facilities.
- The Capex/Net Sales was 12% in 9M25 (9M24: 5%).

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Net cash position and FX risk:

- Following Lila Kağıt IPO in May 2024, the Company transitioned to a net cash position with an inflow of TL 3.3 billion.
- During the first nine months of 2025, the funds raised from the IPO continued to be invested in various financial instruments. With a focus on efficient working capital management and significant financial de-leveraging, the Company maintained its net positive cash position as of September 30, 2025, staying at TL 3.3 billion, and the net financial debt / EBITDA (last 12 months) ratio was (-) 1.27.
- The Company's business model is highly export-oriented, providing a natural hedge against currency risks. As of September 30, 2025, net foreign currency asset position was TL 3.5 billion.
- As of September 30, 2025, 49% of the Company's cash holdings were in TL, 46% in USD, and 5% in EUR.
- In 9M25, Company's exports over imports ratio was realized at 1.62x.
- 100% of pulp raw material is imported; however, generation of approximately 70% of sales revenues over the last three years average from export markets, all denominated in USD and EUR, creating a natural protection against currency risks.
- Along with financial de-leveraging, the equity to total assets ratio reached 85%, on the back of steady profit growth and increasing equity over the years.

Key financial ratios:

Key Ratios	30 September 2025	31 December 2024
Cash Ratio	2.46	2.03
Current Ratio	5.43	3.54
Acid- Test Ratio	4.20	2.98
Leverage Ratio	0.15	0.24
Total Equity/ Total Assets	0.85	0.76
Net Cash / Total Equity	-0.22	-0.28
Net Cash / EBITDA (Yearly)	-1.27	-1.35
Working Capital / Net Sales (Yearly)	34.3%	26.4%

- As of September 30, 2025, the Cash Ratio was 2.46, the Current Ratio was 5.43, and the Quick Ratio was 4.20.
- Based on the company's current financial ratios, it has the capacity to meet its existing obligations over a period exceeding twelve months, reflecting a robust liquidity position.



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Revised 2025 Guidance:

Considering the ongoing uncertainties in the international trade regulations and customs regimes context, and the weak external demand environment, we are revising our 2025 sales volume growth expectation from “flat” to “slight contraction.”

We keep our sales volume growth expectation for exports (new markets) and our “growth” outlook for the Turkish market, supported by relatively favourable domestic demand conditions on the back of our strong brand portfolio in the converting business.

In addition, supported by our proactive raw material procurement and strict cost control policies, we keep our expectations for Gross Profit Margin, Operating Profit Margin, and EBITDA Margin at the same levels as guided initially. However, due to the impact of the persistent high inflationary environment, which continues to increase TL-based expenses, coupled with pressure on FX rate appreciation and a downward trend in pulp prices leading to lower-than-expected growth in net sales, we are revising our operating expenses-to-net sales ratio expectation from “<15%” to “<17%.”

	New Guidance	Previous Guidance
Sales Tonnage Growth	Slight contraction	Flat
<i>Türkiye market</i>	<i>Growth</i>	<i>Growth</i>
<i>Export(new markets)</i>	<i>Growth</i>	<i>Growth</i>
<i>Export(developed markets)</i>	<i>Slight contraction</i>	<i>Slight contraction</i>
Gross Profit Margin	> % 29	> % 29
EBIT Margin	> % 16	> % 16
EBITDA Margin	> % 20	> % 20
NWC/Net Revenues	< % 30	< % 30
CapEx(000' US Dollar)	35.000	35.000
Opex/Net Sales	<%17	< % 15
Annual growth in average pulp prices vs. 2024 (US Dollar)	-% 5/ 10	-% 5/ 10



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30 September 2025 Condensed Consolidated Financial Statements

(Unless otherwise stated, the amounts are expressed in thousand Turkish Lira ("TL"), in terms of the purchasing power of the TL as of September 30, 2025.

	US Dollar (*)		
	Current Period 30 September 2025	Current Period 30 September 2025	Prior Period 31 December 2024
ASSETS			
Current Assets			
Cash and cash equivalents	103,423	4,291,877	7,038,254
Financial assets	6,931	287,635	74,167
Trade receivables	66,330	2,752,585	3,072,032
Other receivables	1,120	46,489	13,958
Inventories	55,571	2,306,090	1,947,712
Derivatives	-	-	5,416
Prepaid expenses	7,407	307,382	101,268
Assets related to current tax	2,849	118,211	76,204
Other current assets	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
Property, plant and equipment	170,390	7,070,912	6,910,601
Intangible assets	1,145	47,504	40,509
Rights of use assets	2,875	119,326	163,241
Prepaid expenses	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

(*)U.S. Dollar amounts have been calculated based on the Turkish Lira amounts using the official USD buying exchange rates of the Central Bank of the Republic of Türkiye (CBRT) effective as of September 30, 2025.

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30 September 2025 Condensed Consolidated Financial Statements

(Unless otherwise stated, the amounts are expressed in thousand Turkish Lira ("TL"), in terms of the purchasing power of the TL as of September 30, 2025.

	US Dollar (*)		
	Current Period	Current Period	Prior Period
	30 September	30 September	31 December
LIABILITIES	2025	2025	2024
Short-Term Liabilities			
Short-term borrowings	5,578	231,496	1,645,129
Current portion of long-term borrowings	16,442	682,318	596,939
Trade payables	16,355	678,700	879,764
Payables related to employee benefits	3,640	151,042	131,260
Deferred income	808	33,534	145,883
Short term provisions	856	35,525	38,167
Other current liabilities	1,202	49,967	63,113
Total Short-Term Liabilities	44,881	1,862,582	3,500,255
Long-Term Liabilities			
Long-term borrowings	8,077	335,168	736,623
Deferred tax liabilities	5,824	241,678	324,419
Long term provisions	3,059	126,962	119,680
Deferred income	866	35,919	-
Total Long-Term Liabilities	17,826	739,727	1,180,722
Total Equity			
Share capital	14,217	590,000	590,000
Share capital adjustments	98,038	4,068,420	4,068,420
Premiums on shares	106,165	4,405,662	4,405,662
Restricted reserves appropriated from profit	11,488	476,743	282,384
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	(1,795)	(74,491)	(66,438)
- Actuarial losses from defined pension plans that will be reclassified subsequently to profit or loss	(1,795)	(74,491)	(66,438)
- 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

(*)U.S. Dollar amounts have been calculated based on the Turkish Lira amounts using the official USD buying exchange rates of the Central Bank of the Republic of Türkiye (CBRT) effective as of September 30, 2025.

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30 September 2025 Condensed Consolidated Financial Statements

(Unless otherwise stated, the amounts are expressed in thousand Turkish Lira ("TL"), in terms of the purchasing power of the TL as of September 30, 2025.

Statement of Profit or Loss	US Dollar (*)				
	Current Period 1 January 30 September 2025	Current Period 1 January 30 September 2025	Prior Period 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	11,047	458,337	404,194	76,013	150,948
Other expenses from operating activity (-)	(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	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 incomes	24,020	996,790	848,546	277,932	480,683
Finance expenses (-)	(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)/income	558	23,158	(329,712)	55,566	2,288
Current tax (expense) /income	(1,371)	(56,899)	(152,376)	32,428	69,491
Deferred tax income/(expense)	1,929	80,057	(177,336)	23,138	(67,203)
Net Profit For The Period	34,009	1,411,249	1,307,534	411,241	467,865

(*)U.S. Dollar amounts have been calculated based on the Turkish Lira amounts using the official USD buying exchange rates of the Central Bank of the Republic of Türkiye (CBRT) effective as of September 30, 2025.



Company Information:

The foundations of Lila Kağıt were laid by the Öğücü Family, who established a cotton ginning and weaving business in 1930. In the 1990s, the company, operating under the name of Marmara Pamuklu Mensucat, became Türkiye's largest integrated cotton yarn and dyeing facility and continued to operate primarily in yarn production under various names until the 2000s. In 2005, with the goal of becoming a "self-sufficient and sustainable facility," the company decided to invest in the energy sector and established its own power plant within its manufacturing campus. To meet the rapidly growing demand in Türkiye's hygienic tissue paper market, Lila Kağıt was founded in 2006 with 100% Turkish capital. With an annual paper production capacity of 271 thousand tons and a total production area of 300,000 m², the company is among the largest fully integrated tissue manufacturers in Europe and the Middle East operating within a single campus. Through its brands Sofia, Maylo, UltraBerrak, and Nua, and a wide range of hygienic tissue products including toilet paper, paper towels, napkins, and tissues, Lila Kağıt reaches consumers at over 80,000 outlets. The company exports semi-finished and finished products to more than 80 countries across five continents, creating significant added value for the Turkish economy.

For more information: www.lilakagit.com

Legal Notice

In this earnings release regarding the 3Q25 financial results, the financial data have been adjusted for the effects of inflation in accordance with the relevant accounting principles set out in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29), pursuant to the decision of the Capital Markets Board of Türkiye dated December 28, 2023, and numbered 81/1820.

The information contained in this document has been largely derived from the summary consolidated financial statements dated September 30, 2025, which were disclosed on the Public Disclosure Platform (KAP). The report published on October 23, 2025, can be accessed at <https://www.kap.org.tr/tr/> and <https://lilakagit.com/yatirimci-iliskileri/>.

This document contains statements regarding the Company's performance. Such statements have been prepared based on currently available data. Whether the Company's future performance will materialize as expected depends on various uncertainties and/or unforeseeable circumstances that may significantly affect performance, including but not limited to changes in macroeconomic and geopolitical conditions, potential increases in tax rates, unexpected climatic events, and natural disasters. These uncertainties and/or unforeseeable circumstances—among others—may cause the Company's future performance to differ materially from the assessments presented in this document.

The Company hereby is warning readers that the assessments and information contained in this document are based on current data and do not constitute any guarantee or commitment regarding the Company's future performance or financial results. The Company, its board members, executives, and/or employees shall not be held responsible for any damages arising from the use of the content contained herein.

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