



# Earnings Release

2025 Financial Results

**Sustainable Profitability  
with Strong Fundamentals**

# 2025 Financial Results Earnings Release



Alp Öğücü, Lila Kağıt CEO commented:

## Concluding 2025 with Solid Progress, We Look to The Future with Confidence

The year 2025 was a period marked by heightened geopolitical risks and economic uncertainties on a global scale. While fluctuations in pulp prices driven by international trade policies and the resulting competitive pricing pressures, along with restrained FX rates and fragile external demand conditions, stood out as major challenges, we successfully navigated these challenges thanks to the profitability-focused strategy we implemented. As a result, Lila Kağıt closed the year with a strong financial performance.

In 2025, our total sales volume reached 192 thousand tons, while our net sales revenue amounted to TRY 13.6 billion. The export-oriented jumbo roll market was shaped by uncertainties regarding global trade and intensified price competition, leading to a 16% contraction in our jumbo roll sales volume. Meanwhile, our converting sales volume grew by 13%, supported by the strong performance of our brands and positive momentum across domestic and international markets. Our gross profit reached TRY 4.1 billion, and EBITDA stood at TRY 2.6 billion. Thanks to effective unit-cost management, our gross margin was 30.1%, while our EBITDA margin remained robust at 19.2%. Our net profit for the period was TRY 1.7 billion, delivering an 11% year-on-year increase and meeting our expectations. In line with our strategy to share the value we generate with all stakeholders, our Board of Directors resolved to distribute a gross dividend of TRY 900 million for 2025(\*). These results reflect our profitable business model, effective cost management, and disciplined financial policies.

Supported also by the strong cash flow generated by our operations, our investments continued in 2025. Over TRY 1 billion was allocated to our Erzurum plant investment, and we expect the facility to begin production in the second quarter of 2026 with the commissioning of the converting production unit. We also invested TRY 178 million in smart warehouse and automation projects at our Ergene plant, which will contribute to operational efficiency in 2025. With these investments, we aim to strengthen our operational excellence and prepare Lila Paper for the future in alignment with our sustainability goals. As committed during our IPO, we will accelerate our renewable energy investments in 2026.

We maintain our cautious optimism for 2026. With the normalization of export markets in the jumbo roll segment and the commissioning of the Erzurum converting facility, we expect continued strong momentum in both domestic and export markets, guiding total sales volume growth of 7–10% for 2026. Through proactive raw material management, a focus on value-added products, and tight cost control, we expect our EBITDA margin to reach 22%. Additionally, with strict receivables management, effective inventory control, and efficient resource utilization, we expect our net working capital-to-net sales ratio to remain below 30%. Driven by our growth ambition, we anticipate total investments of around USD 50 million in 2026, primarily from the Erzurum plant, productivity-focused automation, smart warehouse solutions, and solar power investments. Supported by profitable growth and strong cash-generative operations—as well as our solid balance sheet—we expect our net cash/EBITDA ratio to remain around +1.0x despite an intensive investment cycle.

Meanwhile, we see sustainability not as an choice but as a must, embedding it at the core of our business. Following the publication of our Sustainability Handbook, our 2030 sustainability targets were approved by our Board of Directors, providing a solid framework for our actions. In alignment with the Sustainable Development Goals (SDGs), we established 15 targets across 7 SDG areas, with the goal of achieving full alignment with our Carbon Neutral Strategy by 2050.

No matter how challenging the environment may be, we commit to creating sustainable value for our shareholders. While economic and political challenges persist, we will continue to navigate them with our agile organization, disciplined approach, and focus on growth. As we enter 2026, our priorities are defined as profitable growth driven by value-added products and a diversified customer portfolio, a strong balance sheet, investments that will enable us to seize growth opportunities across our markets, and the continuation of our export-oriented approach, which provides a natural hedge against volatility—all aligned with our 2030 sustainability strategy.

We achieved success together, and together we will go further. In 2026, we will continue to make a difference through investments focused on innovation, efficiency, and sustainability.

(\* ) Subject to approval at Ordinary General Assembly

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## Operational Performance:

(kTon)	2024	2025	y/y%
<b>Total Production Tonnage</b>	<b>221.4</b>	<b>204.2</b>	<b>-8%</b>
<b>Capacity Utilization Rate</b>	<b>91%</b>	<b>84%</b>	
<b>Total Sales Tonnage</b>	<b>210.1</b>	<b>192.2</b>	<b>-9%</b>
<i>Domestic sales ratio</i>	21%	27%	
<i>Export Sales Ratio</i>	79%	73%	

## In 2025:

- Paper production volume declined due to soft external demand conditions and ongoing debates regarding global trade, contracting by 8% to 204 thousand tons (2024: 221 thousand tons). While these factors affected all players in Turkey's tissue paper industry, the overall capacity utilization rate (CUR) of the Turkish tissue sector stood at 78% in 2025, compared to Lila Kağı's CUR of 84% (2024: 91%).
- The share of jumbo roll and converting product volumes within total paper sales volume was 69% and 31%, respectively (2024: 75% and 25%).
- Jumbo roll volume contracted by 16%, primarily driven by fluctuations in global pulp prices—especially in the first half of the year—and by soft external demand conditions.
- Converting sales volume grew by 13%, supported by continued momentum in branded product sales and strong performance across domestic and export markets.
- The share of export and domestic markets within total paper sales volume was 73% and 27%, respectively.

## Financial Performance:

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

Comprehensive Income or Loss ('000 TL)	1 January- 31 December 2025	1 January- 31 December 2024
<b>Net Sales</b>	<b>13,603,657</b>	<b>16,385,266</b>
<b>Gross Profit</b>	<b>4,090,318</b>	<b>4,605,218</b>
<b>Operating Profit</b>	<b>2,307,837</b>	<b>2,637,215</b>
<b>Net Profit</b>	<b>1,704,008</b>	<b>1,538,478</b>
<b>EBITDA</b>	<b>2,613,068</b>	<b>3,206,405</b>
<b>Adjusted EBITDA</b>	<b>3,095,086</b>	<b>3,591,021</b>

Key Ratios	1 January- 31 December 2025	1 January- 31 December 2024
<b>Gross Profit Margin</b>	<b>30.1%</b>	<b>28.1%</b>
<b>Operating Profit Margin</b>	<b>17.0%</b>	<b>16.1%</b>
<b>Net Profit Margin</b>	<b>12.5%</b>	<b>9.4%</b>
<b>EBITDA Margin</b>	<b>19.2%</b>	<b>19.6%</b>
<b>Adjusted EBITDA Margin</b>	<b>22.8%</b>	<b>21.9%</b>

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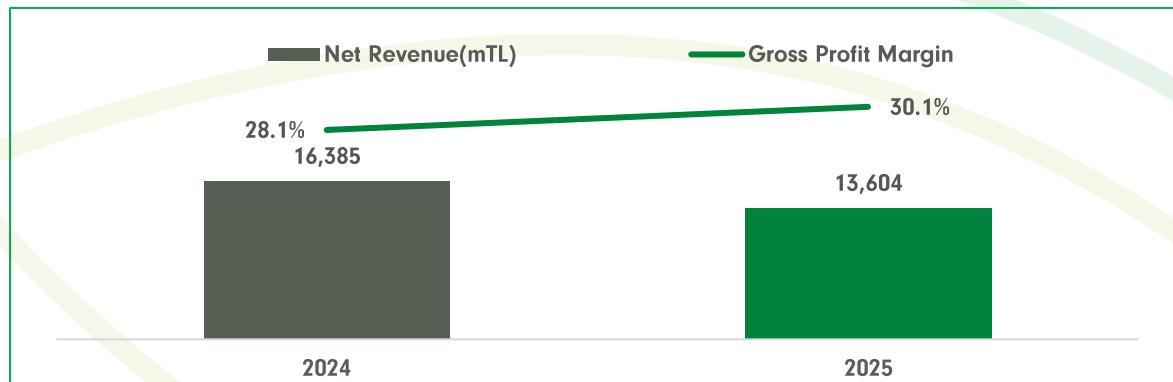


## Net Sales:

- As net sales were predominantly generated from export markets and exchange rate increases in 2025 remained below inflation, net sales declined by 17% year-on-year to TRY 13.6 billion (2024: TRY 16.4 billion). The change in net sales was driven by the combined impact of the factors outlined below:
  - In 2025, CPI (\*) was 30.9%, while the Turkish Lira depreciated by (\*\*) 21.7% against the US Dollar and 37.3% against the Euro.
  - The 12-month average pulp import price per ton declined by 13% compared to 2024, putting downward pressure on product sales prices.
  - While the average pulp import price per ton was USD 754 in 2024, it stood at USD 652 in 2025. The share of jumbo roll and converting product sales within total sales was 59% and 36%, respectively. Other sales revenues accounted for 5% (2024: 66%, 30%, 4%).
- In 2025, due to the impact of customs tariffs implemented in international markets, global trade flows and pricing uncertainty limited growth in jumbo roll paper exports worldwide. Meanwhile, in the domestic market, demand normalization was observed, while competition intensified particularly in the branded products segment. In response, the Company aimed to preserve a balanced margin structure by increasing its share in value-added product categories. In 2025, jumbo roll paper sales revenues amounted to TRY 8.0 billion (2024: TRY 10.8 billion), while converting sales revenues totaled TRY 4.9 billion (2024: TRY 4.9 billion).

## Gross Profit and Gross Profit Margin:

- While growth in jumbo roll paper exports remained limited, opportunities in the value-added finished products segment accelerated. Supported by new market gains, Lila Kağıt's converting product export sales volume increased by 23% in 2025 compared to 2024, which had a positive impact on the Company's profitability.
- Gross profit amounted to TRY 4.1 billion in 2025 (2024: TRY 4.6 billion, -11%).
- The gross profit margin was 30.1% in 2025, supported by a strict raw-material procurement policy and relatively stable energy costs (2024: 28.1%, +196 bps).



(\*) Türkiye Statistical Institution Data

(\*\*) CBRT official buying rates

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## EBITDA and EBITDA Margin:

- EBITDA amounted to TRY 2.6 billion in 2025 (2024: TRY 3.2 billion, -19%).
- The EBITDA margin was 19.2% in 2025, supported by accurate raw-material planning, efficiency projects, effective cost management, and higher sales of value-added products. However, despite these positive drivers, the margin declined slightly due to partially higher TRY-denominated operating expenses in an inflationary environment (2024: 19.6%, -36 bps).
- The Adjusted EBITDA margin — which includes foreign-exchange gains and losses arising from trade receivables and payables directly related to the Company's operations — was 22.8% (2024: 21.9%, +84 bps).



## EBITDA Reconciliation:

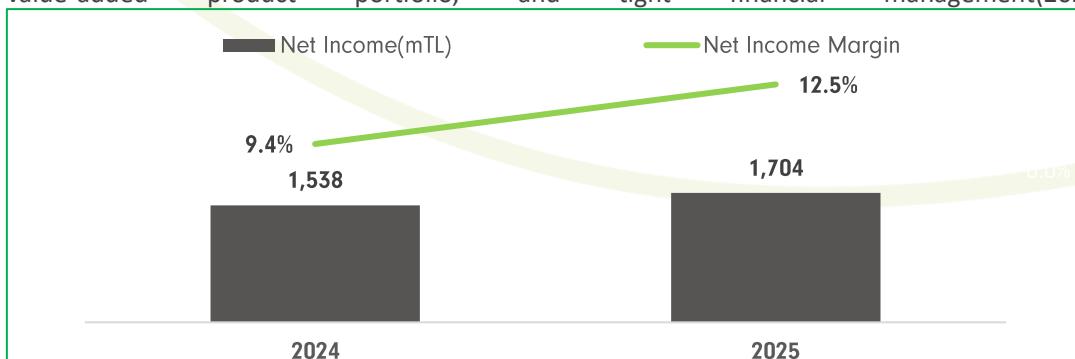
The Company's calculation of Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is derived by adding depreciation and amortization expenses, as well as foreign-exchange gains and losses arising from trade receivables and payables, to the "Operating profit excluding Other Income/(Expense)" line item. The reconciliation between operating profit and EBITDA as of 31 December 2025 and 31 December 2024 is presented below;

('000TL)	2025 FY	2024 FY
Operating Income Exc. Other Income/(Expense)	1,795,451	2,251,915
Depreciation and Amortization	817,617	954,490
<b>EBITDA</b>	<b>2,613,068</b>	<b>3,206,405</b>
FX differences arising from trade receivables and trade payables	482,018	384,616
<b>Adj. EBITDA</b>	<b>3,095,086</b>	<b>3,591,021</b>

As of 1 January 2026, the definition of EBITDA has been updated to include foreign-exchange differences arising from trade receivables and trade payables

## Net Income & Net Income Margin:

- Net profit amounted to TRY 1.7 billion in 2025 (2024: TRY 1.5 billion).
- Despite ongoing uncertainties surrounding global trade conditions, the negative impact of relatively high inflation on TRY-denominated expenses, and the increase in operating costs, the net profit margin rose by 334 bps to 12.5%, supported by disciplined raw-material procurement, strong performance in the value-added product portfolio, and tight financial management (2024: 9.4%).

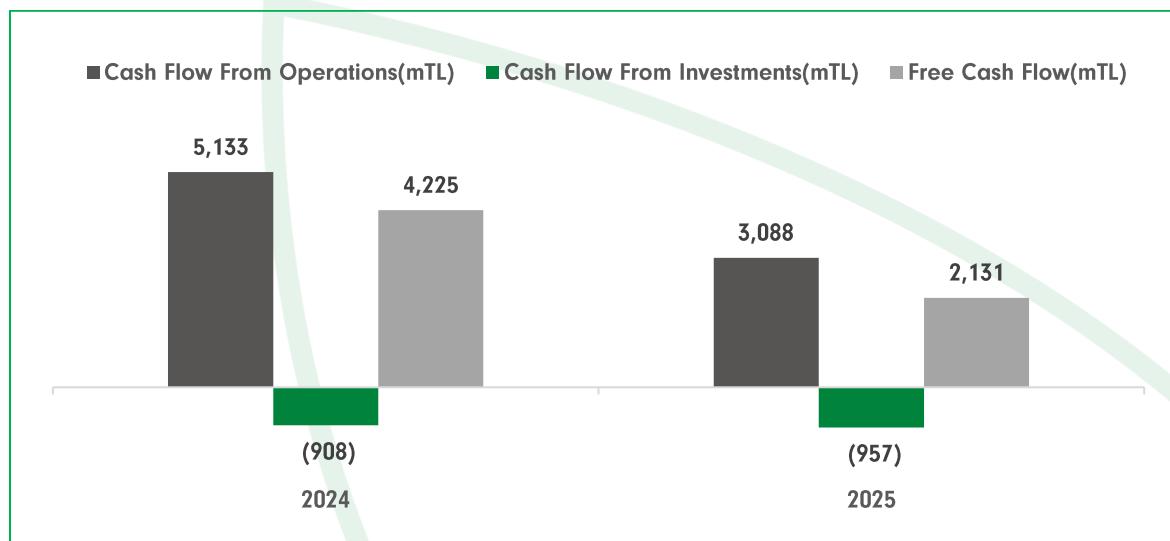


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## Free Cash Flow:

- With normalized working capital utilization and the Company's profitable business model, strong cash generation from operations continued in 2025, resulting in TRY 2.1 billion of free cash flow. During the same period, the EBITDA-to-free-cash-flow conversion rate stood at 82%.



## Capex:

- In 2025, total capital expenditures amounted to TRY 1.5 billion, of which TRY 178 million was allocated to investments at the Ergene production facility and TRY 1,039 million to the Erzurum production facility.
- With the multi-phase factory investment in Erzurum, the Company aims to establish the first heavy-industry tissue paper facility operating in the Eastern Anatolia and Black Sea regions. This investment is expected to lead the region's industrialization efforts while strengthening the Company's market share both nationally and internationally.
- Ongoing efficiency-focused investments at the Ergene production facility target capacity expansion and modernization, while the smart-warehouse project under development aims to enhance operational efficiency in inventory management and logistics costs. With these investments, the Company aims to maintain its growth momentum and position itself among the world's major fully integrated facilities.
- The capital expenditures-to-net-sales ratio stood at 11.3% in 2025. (2024: 5.6%)

## Net cash position and FX risk:

- Following the IPO in May 2024, the Company moved into a net cash position with an inflow of TRY 3.3 billion.
- Throughout 2025, the IPO proceeds continued to be invested in various financial instruments, and with a vision of effective working capital management and a significant reduction in financial debt, the Company maintained its net cash position as of 31 December 2025. As of that date, the net cash position was TRY 4.2 billion, and the net cash / EBITDA ratio stood at +1.6x.
- As of 31 December 2025, the Company's cash holdings were composed of 36% TRY, 50% USD, and 14% EUR.
- In 2025, the Company's export-to-import ratio was 1.88.
- While 100% of pulp raw material is imported, the fact that approximately 70% of sales (based on the last three-year average) are made to export markets — fully denominated in USD and EUR — provides a natural hedge against currency risk.
- While financial debt position decreased, the Company's equity continued to grow steadily through increasing profitability over the years. As a result, the equity-to-total-assets ratio reached 84%.

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Key financial ratios:

	31 December 2025	31 December 2024
<b>Cash Ratio</b>	3.19	2.03
<b>Current Ratio</b>	5.89	3.54
<b>Acid- Test Ratio</b>	5.01	2.98
<b>Leverage Ratio</b>	0.16	0.24
<b>Total Equity/ Total Assets</b>	0.84	0.76
<b>Net Cash / Total Equity</b>	-0.26	-0.28
<b>Net Cash / EBITDA (Yearly)</b>	-1.61	-1.32
<b>Working Capital / Net Sales (Yearly)</b>	29.1%	26.4%

- As of 31 December 2025, the cash ratio stood at 3.19, the current ratio at 5.89, and the acid-test ratio at 5.01.
- With prudent balance-sheet management and cash-generating profitable operations, the leverage ratio was 0.16.
- The equity-to-total-assets ratio, demonstrating the strength of the balance sheet, increased by 8 percentage points to 84%.
- Considering the Company's current financial ratios, it shows strong liquidity and the ability to cover its existing obligations over a period exceeding twelve months.

## 2026 Guidance

### Sales Volume Growth of 7–10%

- Turkey market: High double-digit growth; strong momentum in the domestic market
- Export markets: Normalizing conditions; low-to-mid single-digit growth
- Export share: Maintaining an export share of +70% within total sales volume

### EBITDA Margin(\*) Above 22%

- Slight improvement compared with 2025
- Increasing share of value-added products
- Continued proactive cost management

### Net Working Capital / Net Sales Ratio Below 30%

- Tight receivables management and improvement in supplier payment terms
- Automation and effective inventory management
- Efficient resource utilization

### Capital Expenditures Around USD 50 Million

- Operational growth supported by the ongoing investment cycle
- Erzurum Plant Phase II investment
- Productivity-focused automation and smart-warehouse investments
- Operating-expense optimization driven by solar-energy (GES) investment focus

### Net Debt to EBITDA Ratio Below (1x)

- Strong liquidity position despite intensive investments
- Free-cash-flow generation supported by profitable operations
- Maintaining a positive net-cash position
- Alignment with the dividend distribution policy

(\*) EBITDA include foreign-exchange differences arising from trade receivables and trade payables

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## 31 December 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 December 31, 2025.

ASSETS	US Dollar (*)		
	Current Period 31 December 2025	Current Period 31 December 2025	Prior Period 31 December 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	132,633	5,684,961	7,344,743
Financial assets	5,757	246,740	77,396
Trade receivables	69,907	2,996,360	3,205,807
Other receivables	404	17,310	14,566
Inventories	38,314	1,642,219	2,032,528
Derivatives	-	-	5,652
Prepaid expenses	3,956	169,580	105,678
Assets related to current tax	2,917	125,028	79,522
Other current assets	1,577	67,465	69,482
<b>Total Current Assets</b>	<b>255,465</b>	<b>10,949,663</b>	<b>12,935,374</b>
<b>Non-Current Assets</b>			
Other receivables	247	10,606	10,191
Property, plant and equipment	171,576	7,354,151	7,211,531
Intangible assets	1,401	60,064	42,273
Rights of use assets	3,571	153,077	170,349
Prepaid expenses	16,456	705,337	78,547
<b>Total Non-Current Assets</b>	<b>193,251</b>	<b>8,283,235</b>	<b>7,512,891</b>
<b>TOTAL ASSETS</b>	<b>448,716</b>	<b>19,232,898</b>	<b>20,448,265</b>

(\*)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 December 31, 2025.

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## 31 December 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 December 31, 2025.

LIABILITIES	US Dollar (*)		
	Current Period		Prior Period
	31 December	2025	
<b>Short-Term Liabilities</b>			
Short-term borrowings	5,600	240,051	1,716,768
Current portion of long-term borrowings	15,200	651,508	622,933
Trade payables	15,892	681,171	918,074
Payables related to employee benefits	3,144	134,743	136,976
Payables related to shareholders	-	-	-
Derivatives	-	-	-
Deferred incomes	1,061	45,484	152,235
Short term provisions	985	42,203	41,388
Other current liabilities	1,474	63,265	64,302
Payables related to current tax	-	-	-
<b>Total Short-Term Liabilities</b>	<b>43,356</b>	<b>1,858,425</b>	<b>3,652,676</b>
<b>Long-Term Liabilities</b>			
Long-term borrowings	19,398	831,406	768,700
Deferred tax liabilities	699	29,962	-
Long term provisions	4,137	177,316	338,546
Deferred incomes	2,551	109,344	124,892
<b>Total Long-Term Liabilities</b>	<b>26,785</b>	<b>1,148,028</b>	<b>1,232,138</b>
<b>Total Equity</b>			
Share capital	13,765	590,000	590,000
Share capital adjustments	99,651	4,271,277	4,271,277
Premiums on shares	107,262	4,597,512	4,597,512
Restricted reserves appropriated from profit	11,607	497,507	294,681
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	(1,262)	(54,080)	(69,331)
- <i>Actuarial losses from defined pension plans</i>	(1,262)	(54,080)	(69,331)
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss	(11)	(486)	441
- <i>Foreign currency translation differences</i>	(11)	(486)	441
Retained earnings	107,804	4,620,707	4,340,393
Net profit for the period	39,759	1,704,008	1,538,478
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>378,575</b>	<b>16,226,445</b>	<b>15,563,451</b>
<b>TOTAL LIABILITIES</b>	<b>448,716</b>	<b>19,232,898</b>	<b>20,448,265</b>

(\*)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 December 31, 2025.

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## 31 December 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 December 31, 2025.

Statement of Profit or Loss	US Dollar (*)		
	Current Period		Prior Period
	January 1-	January 1-	
December 31 2025	December 31 2025	December 31 2024	December 31 2024
Revenue	317,380	13,603,657	16,385,266
Cost of Sales (-)	(221,951)	(9,513,339)	(11,780,048)
<b>Gross Profit</b>	<b>95,429</b>	<b>4,090,318</b>	<b>4,605,218</b>
Marketing and sales expenses (-)	(42,670)	(1,828,943)	(1,877,934)
General administrative expenses (-)	(10,870)	(465,924)	(475,369)
Other income from operating activity	12,623	540,927	434,919
Other expenses from operating activity (-)	(666)	(28,541)	(49,619)
<b>Operating Profit</b>	<b>53,846</b>	<b>2,307,837</b>	<b>2,637,215</b>
Income from investment activities	14,491	621,122	12,484
<b>Operating Profit Before Finance Income</b>	<b>68,337</b>	<b>2,928,959</b>	<b>2,649,699</b>
Finance incomes	31,033	1,330,129	1,423,439
Finance expenses (-)	(16,589)	(711,059)	(953,937)
Monetary (loss)/gain	(45,312)	(1,942,175)	(1,141,255)
<b>Profit Before Tax</b>	<b>37,469</b>	<b>1,605,854</b>	<b>1,977,946</b>
<b>Tax (expense)/income</b>	<b>2,290</b>	<b>98,154</b>	<b>(439,468)</b>
Current tax (expense) /income	(1,590)	(68,160)	(175,304)
Deferred tax income/(expense)	3,880	166,314	(264,164)
<b>Net Profit For The Period</b>	<b>39,759</b>	<b>1,704,008</b>	<b>1,538,478</b>

(\*)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 December 31, 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 gross paper production capacity of 271 thousand tons and a total production area of 300,000 m<sup>2</sup>, 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](http://www.lilakagit.com)

#### Legal Notice

In this earnings release regarding the 2025 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 December 31, 2025, which were disclosed on the Public Disclosure Platform (KAP). The report published on February 10, 2026, 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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