

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED
FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2024**

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

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**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

		Unaudited	Audited
	Notes	30 September 2024	31 December 2023
Assets			
Current assets			
Cash and cash equivalents	4	330.425	1.078.737
Financial investments	5	39.767	178.239
Trade receivables		1.317.238	160.931
- Trade receivables from related parties	23	116.827	70.484
- Trade receivables from third parties	8	1.200.411	90.447
Other receivables		2.453	10.028
- Other receivables from third parties	9	2.453	10.028
Inventories	10	714.235	836.354
Prepaid expenses	15	54.458	23.708
Current tax assets	15	-	135.740
Other current assets		9.184	60.224
- Other current assets from third parties	15	9.184	60.224
Total current assets		2.467.760	2.483.961
Non-current assets			
Financial investments	5	918	1.054
Other receivables		-	520
- Other receivables from third parties	9	-	520
Property, plant and equipment	11	743.237	757.005
Right of use assets	7	136.245	183.113
Intangible assets	12	81.339	107.325
Prepaid expenses	15	14.089	9.009
Deferred tax assets	21	66.229	32.744
Total non-current assets		1.042.057	1.090.770
Total assets		3.509.817	3.574.731

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

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**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

	Notes	Unaudited 30 September 2024	Audited 31 December 2023
Liabilities			
Current liabilities			
Current borrowings		985.094	1.059.573
-Current borrowings from third parties		985.094	1.059.573
- Bank loans	7	985.094	415.078
- Issued debt instruments	7	-	644.495
Current portion of long-term borrowings		138.267	355.302
-Current portion of long-term borrowings from third parties	7	138.267	355.302
- Bank loans		103.386	36.785
- Lease liabilities		32.495	53.214
- Issued debt instruments		2.386	265.303
Trade payables		201.707	189.706
- Trade payables to related parties	23	8.198	9.046
- Trade payables to third parties	8	193.509	180.660
Employee benefit obligations	9	47.996	81.655
Other payables		6.875	538
- Other payables to third parties	9	6.875	538
Derivative instruments	25.2	-	2.338
Deferred income	15	12.373	215.651
Current tax liabilities	21	49.162	-
Short term provision		60.276	11.636
- Provisions for employment benefits	14	57.018	11.382
- Other current provisions	13	3.258	254
Total current liabilities		1.501.750	1.916.399
Non-current liabilities			
Non-current borrowings		420.662	96.836
- Non-current borrowings from third parties	7	420.662	96.836
- Bank loans		85.000	-
- Issued debt instruments		250.000	-
- Lease liabilities		85.662	96.836
Employee benefit obligations	9	9.179	13.071
Non-current provisions		29.150	39.250
- Non-current provision for employee benefits	14	29.150	39.250
Total non-current liabilities		458.991	149.157
Equity			
Paid-in share capital	16	259.875	23.625
Adjustment to share capital	16	283.191	519.441
Other comprehensive expense not to be reclassified to profit or loss		(12.074)	(18.814)
- Revaluation and measurement gains / (losses)		(12.074)	(18.814)
Other comprehensive expense/(income) to be reclassified to profit or loss		11.662	7.928
- Currency translation differences		-	(5.350)
- Gains/(loss) on hedge		11.662	13.278
Restricted reserves appropriated from profits	16	283.517	268.253
Prior years' profits/(losses)	16	521.828	116.439
Net profit/(loss) for the period		201.077	592.303
Total equity		1.549.076	1.509.175
Total liabilities and equity		3.509.817	3.574.731

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

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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

Profit or loss	Notes	Unaudited		Unaudited	
		1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Revenue	17	2.340.518	2.965.422	945.108	1.491.656
Cost of sales (-)	17	(1.137.507)	(1.532.299)	(518.924)	(751.080)
Gross profit		1.203.011	1.433.123	426.184	740.576
General administrative expenses (-)		(296.057)	(260.293)	(85.496)	(111.537)
Marketing expenses (-)		(428.172)	(403.634)	(168.752)	(139.591)
Research and development expenses (-)		(10.199)	(13.746)	(3.326)	(5.821)
Other income from operating activities	18	15.725	92.520	3.083	14.542
Other expenses from operating activities (-)	18	(24.144)	(71.076)	(9.703)	(23.239)
Operating profit / (loss)		460.164	776.894	161.990	474.930
Income from investment activities	19	24.908	5.922	8.587	142
Expens from investment activities (-)	19	(43.382)	(203)	7.975	141
Share of profit/loss of investments accounted for using the equity method	19	-	(1.465)	-	(1.465)
Operating profit before finance income / (expense)		441.690	781.148	178.552	473.748
Finance income	20	168.903	205.131	(22.201)	48.859
Finance expenses (-)	20	(419.832)	(336.015)	(95.631)	(118.068)
Monetary gain / (loss)		112.454	112.384	40.485	18.390
Profit/(Loss) before tax from continuing operations		303.215	762.648	101.205	422.929
Tax income from continuing operations		(102.138)	(314.654)	(62.358)	(213.557)
- Taxes on expense	21	(137.333)	(335.937)	(88.182)	(197.651)
- Deferred tax income / (expense)	21	35.195	21.283	25.824	(15.906)
Net profit /(loss) for the year		201.077	447.994	38.847	209.372
Profit /(loss) per share (1 TRL per share)	22	6,2294	18,9627	0,7834	8,8623

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

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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

		Unaudited		Unaudited	
		1 January -	1 January -	1 July -	1 July -
	Notes	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Net profit /(loss) for the year		201.077	447.994	38.847	209.372
Other comprehensive income/expense					
Other comprehensive expenses that will not be reclassified to profit or loss		6.740	(6.258)	(1.012)	(270)
- Gains (Losses) on Remeasurements Defined Benefit Plans	14	8.987	(7.643)	(1.347)	(668)
Other comprehensive expenses that will not be reclassified to profit or loss, tax		(2.247)	1.385	335	398
- Deferred tax income / (expense)		(2.247)	1.385	335	398
Other comprehensive income / (expense) that will be reclassified to profit or loss		(1.616)	8.346	(1.790)	(34.967)
-Other Comprehensive income / (expense) on cash flow hedge		(2.153)	10.212	(2.385)	(40.145)
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect		537	(1.866)	595	5.178
- Deferred tax income / (expense)		537	(1.866)	595	5.178
Other comprehensive income / (expense)		5.124	2.088	(2.802)	(35.237)
Total comprehensive income		206.201	450.082	36.045	174.135

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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024

(Amounts expressed in thousands of Turkish Lira ("TRL") in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

			Other comprehensive income (loss) that will not be reclassified in profit or loss	Other comprehensive loss/(income) that will be reclassified in profit or loss			Accumulated profits		
	Share capital	Inflation adjustment to share capital	Defined benefit plans remeasurement(losses)/gains	Currency translation differences	Gains/(loss) on hedge	Restricted reserves	Retained earnings	Net profit/(loss) for the period	Total equity
Balances as of 1 January 2023	23.625	519.441	(13.602)	(5.350)	5.370	264.680	173.306	(26.393)	941.077
Transfers	-	-	-	-	-	2.513	(28.906)	26.393	-
Dividends	-	-	-	-	-	-	(34.978)	-	(34.978)
Total comprehensive income / (loss)	-	-	(6.258)	-	8.346	-	-	447.994	450.082
Balances as of 30 September 2023	23.625	519.441	(19.860)	(5.350)	13.716	267.193	109.422	447.994	1.356.181
Balances as of 1 January 2024	23.625	519.441	(18.814)	(5.350)	13.278	268.253	116.440	592.303	1.509.176
Liquidation effect	-	-	-	5.350	-	-	-	-	5.350
Transfers	236.250	(236.250)	-	-	-	15.264	577.039	(592.303)	-
Subsidiary acquisition or disposal	-	-	-	-	-	-	(171.651)	-	(171.651)
Total comprehensive income / (loss)	-	-	6.740	-	(1.616)	-	-	201.077	206.201
	-	-	-	-	-	-	-	-	-
Balances as of 30 September 2024	259.875	283.191	(12.074)	-	11.662	283.517	521.828	201.077	1.549.076

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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira ("TRL") in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

	Notes	Unaudited	
		1 January - 30 September 2024	1 January - 30 September 2023
Cash flow from operating activities		(647.824)	(287.657)
Net profit /(loss) for the period		201.077	447.994
Adjustments to reconcile net profit /(loss) for the period		352.367	447.380
Adjustments for depreciation and amortization expense	7,11,12	117.419	100.035
Adjustments for impairment loss/(reversal)		745	48.383
- <i>Adjustments for impairment / (reversal) of receivables</i>	8	745	-
- <i>Adjustments for impairment / (reversal) of inventory</i>	10	-	48.383
Adjustments for provisions		72.681	72.775
- <i>Adjustments for provisions / (reversal) for employee benefits</i>	18	69.610	72.800
- <i>Adjustments for provisions / (reversal) for lawsuit and other provisions</i>		3.071	(25)
Adjustments for interest (income) / expense		265.572	212.807
- <i>Adjustments for interest income</i>	20	(150.249)	(157.238)
- <i>Adjustments for interest expense</i>	20	416.161	331.221
- <i>Rediscount on interest loss</i>	18	-	47.138
- <i>Rediscount on interest income</i>	18	(340)	(8.314)
Adjustments for fair value (gain) / loss		(1.878)	(1.686)
Adjustments for tax incomes	21	102.138	314.654
Adjustments for gain / (loss) on sale of tangible and intangible assets		441	(265)
Monetary gain / (loss)		(204.751)	(299.323)
Changes in working capital		(962.794)	(1.017.887)
Adjustments for decrease/(increase) in trade receivables		(1.157.051)	(1.179.360)
Adjustments for decrease/(increase) in other receivables		8.095	(9.841)
Adjustments for decrease/(increase) in inventory		122.119	(129.339)
Decrease/(increase) in prepaid expenses		(35.831)	17.529
Adjustments for increase/(decrease) in trade payables		12.342	95.228
Adjustments for increase/(decrease) in employee benefit obligations		(37.550)	2.537
Adjustments for increase/(decrease) in other payables from operations		6.337	238
Increase / (decrease) in deferred income (other than obligations arising from customer contracts)		(203.278)	152.077
Adjustments for other increase/(decrease) in working capital		322.023	33.044
- <i>Increase/(decrease) in other operating assets</i>		272.928	(122.166)
- <i>Increase/(decrease) in other operating liabilities</i>		49.095	155.210
Cash flows from (used in) operating activities		(409.350)	(122.513)
Payments related with provisions for employee benefits	14	(14.562)	(60.219)
Income taxes (paid) return		(223.912)	(104.925)
Cash flow from investing activities		(32.487)	(31.275)
Cash inflows arising from sale of tangible and intangible assets	11	2.541	1.835
Cash outflows arising from purchase of tangible and intangible assets	11,12	(35.028)	(33.110)
Cash flow from financing activities		145.015	307.849
Proceeds from borrowings	7	1.463.348	1.897.799
Repayment of borrowings	7	(1.056.314)	(1.170.942)
Repayment of lease liabilities		(4.553)	(43.126)
Dividends paid	16	(171.651)	(34.978)
Interest paid	7	(397.693)	(293.639)
Interest received		150.451	145.631
Other cash inflows (outflows)		161.427	(192.896)
Monetary gain/(loss) impact on cash and cash equivalents		(196.766)	(213.148)
Net increase/(decrease) in cash and cash equivalents		(732.062)	(224.231)
Cash and cash equivalents at the beginning of the year	4	1.062.487	651.114
Cash and cash equivalents at the end of the year	4	330.425	426.883

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**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2024**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at September 30, 2024 unless otherwise indicated)

NOTE 1 – COMPANY’S ORGANIZATON AND NATURE OF OPERATIONS

Adel Kalemcilik Ticaret ve Sanayi A.Ş. (“the Company”) ‘s fields of activity are the production of wooden wall pencils, colored pencils, toy products and other stationery products, sale of hygiene products, the sale and export of the products manufactured in the facilities and importing purchasing and selling of all kinds of raw, semi-finished and finished products.

The company was established on 17 July 1967 and registered with the Istanbul Chamber of Industry (ICI) and the Istanbul Chamber of Commerce (ICOC) on the same date with the registration number 96078-0.

The registered address of the company's headquarters is as follows:

Fatih Sultan Mehmet Dist. Balkan St. No:58 Buyaka E Block
34771 Tepeüstü - Ümraniye/İstanbul

The Company is registered to the Capital Markets Board (“CMB”) and its shares have been traded on Borsa Istanbul (“BIST”) since 1996. As of 30 September 2024, the Company has 27.71% of its shares registered in the BIST. The shareholders holding the majority of the Company's shares and their share ratios are as follows:

List of Shareholders

	30 September 2024		31 December 2023	
	%	TRL	%	TRL
AG Anadolu Grubu Holding A.Ş.	56,89	147.831	56,89	13.439
Faber-Castell Aktiengesellschaft	15,40	40.017	15,40	3.638
Shares publicly held	27,71	72.027	27,71	6.548
		259.875		23.625

The average number of employees of the Company as at 30 September 2024 is 338 (31 December 2023: 367).

As of 30 September 2024, the joint venture of the Company accounted for using the equity method and its shareholding ratios are as follows:

Company name	Field of Activity	September 30, 2024		December 31, 2023	
		Country	%	Country	%
LLC Faber-Castell Anadolu	All types of stationery buying and selling products	Russia	-	Russia	50,00

LLC Faber-Castell Anadolu which is Moscow-based joint venture registered in the Russia on 13 September 2011 was established to import and export, trade, and distribute all types of stationery and office supplies, painting equipment, hobby products and toys.

LLC Faber-Castell Anadolu has completed the liquidation process as of February 8, 2024 and will be liquidated in 2019. The current situation, which has been inactive since then, is over and closed.

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation and presentation of financial statements

2.1.1 Statement of compliance with TFRS

The accompanying 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 September 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations (“TAS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué. It is also presented in accordance with the 2024 TFRS Taxonomy updated by POA on July 3, 2024.

The Company's companies operating in Türkiye maintain their books of account and prepare their statutory financial statements in Turkish Lira in accordance with the principles and requirements issued by the Capital Markets Board (“CMB”), the Turkish Commercial Code (“TCC”) and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries and joint ventures operating abroad maintain their books of account and prepare their statutory financial statements in accordance with the laws and regulations of the countries in which they operate.

In accordance with TAS 34 “Interim Financial Reporting”, entities are free to prepare their interim financial statements as a full set or condensed. In this context, the Company has preferred to prepare condensed interim financial statements. The condensed interim financial statements and notes are presented including the information required by the CMB.

The financial statements of the Company as of September 30, 2024 were approved by the Board of Directors of the Company on October 30, 2024. The General Assembly is authorized to amend the financial statements.

2.1.2 Adjustment of financial statements in hyperinflationary periods

The Company prepared its financial statements as at and for the period ended September 30, 2024 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies". The standard requires that financial statements prepared in the currency of a hyperinflationary economy be expressed in terms of the purchasing power of that currency at the balance sheet date and that comparative figures for prior period financial statements be expressed in terms of the measuring unit current at the end of the reporting period. Accordingly, the Company has also presented its financial statements as of 31 December 2023 in terms of the purchasing power of that currency as of 30 September 2024.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting in accordance with TAS 29 standards, starting from their annual financial reports for the accounting periods ending as of 31 December 2023.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation and presentation of financial statements (Continued)

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute ("TSI"). As of September 30, 2024, the indexes and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment Coefficient	Three-Year Compound Inflation Rate
30 September 2024	2.526,16	1,00000	%343
31 December 2023	1.859,38	1,35860	%268
30 September 2023	1.691,04	1,49385	%254

The main elements of the Company's adjustment for financial reporting purposes in high-inflation economies are as follows:

- The current period financial statements prepared in TRL are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 were applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficients.
- All items included in the comprehensive income statement, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary gain / loss account in the income statement.

2.1.3 Functional and reporting currency

The Company is based on the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Türkiye in keeping its accounting records and preparing its statutory financial statements. Investments valued by the equity method in foreign countries, have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. Financial statements of company have been prepared in Turkish lira on the basis of historical cost, excluding financial assets and liabilities that are expressed at their fair values. The financial statements have been prepared by reflecting the necessary adjustments and classifications in order to make the correct presentation in accordance with TMS/TFRS to the legal records prepared on the historical cost basis.

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation and presentation of financial statements (Continued)

2.1.4 Shares in affiliates and joint ventures

A partnership is a joint venture in which entities with joint control in an arrangement have rights to the net assets in the joint arrangement. Joint control is based on the control contract on an economic activity. This control is deemed to exist when the decisions of the relevant activities require the parties sharing the control to agree with the unanimity of votes.

The results and assets and liabilities of associates or joint ventures are incorporated in the accompanying financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sales, in which case it is accounted for in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the financial statement of financial position at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Company’s share of losses of an associate or a joint venture exceeds the Company’s interest in that associate or a joint venture (which includes any long term interests that, in substance, form part of the Company’s net investment in the associate or a joint venture), the company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

2.1.5 Comparative information and restatement of prior period financial statements

Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period financial statements and significant changes are explained. The financial statements of the Company include comparative financial information to enable the determination of the trends in the financial position and performance. The Company has prepared its financial position statement as of 30 September 2024 with the financial position statement prepared as of 31 December 2023; The profit or loss statement for the period 1 January- 30 September 2024, the profit or loss statement for the 1 January- 30 September 2023 accounting period, and the other comprehensive income statement for the 1 January- 30 September 2024 accounting period, the 1 January- 30 September 2023 accounting period, other comprehensive income statement, cash flow statement for the accounting period 1 January- 30 September 2024 and statements of changes in shareholders' equity are prepared comparatively with the related financial statements for the accounting period 1 January – 30 September 2023.

2.2 New and revised Turkish financial reporting standards

a) *Standards, amendments, and interpretations applicable as of 30 September 2024:*

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and revised Turkish financial reporting standards (Continued)

- **Amendment to TAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **TFRS 1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **TFRS 2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.
- b) ***Standards, amendments, and interpretations that are issued but not effective as of 30 September 2024:***
 - **TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
 - **Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
 - **Amendment to TFRS 9 and TFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New and revised Turkish financial reporting standards (Continued)

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
 - **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces financial statements available for public use that comply with IFRS Accounting Standards.

2.3 Changes and errors in accounting estimates

Accounting estimates are made on the basis of reliable information and reasonable estimation methods. However, estimates are revised if there is a change in the circumstances under which the estimate was made, or if new information becomes available, or if additional developments occur. The effect of a change in an accounting estimate is recognized in the current period in which the change is made, if the change affects only one period, or prospectively in both the current and future periods, if the change affects future periods, in the financial statements in a manner that takes into account in determining the profit or loss for the period.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Changes and errors in accounting estimates (Continued)

The nature and amount of any change in an accounting estimate that has an effect on the result of operations in the current period or is expected to have an effect on subsequent periods is disclosed in the notes to the financial statements, except where it is not possible to estimate the effect on future periods. As of September 30, 2024, there have been no changes and errors in accounting estimates.

2.4 Financial statements of a joint venture operating in a foreign country

The financial statements of the joint venture operating in a foreign country have been prepared in accordance with the legislation in force in the country in which it operates and have been prepared by reflecting the necessary corrections and classifications in order to comply with the "Communiqué on the Principles of Financial Reporting in the Capital Markets".

The assets and liabilities of the joint venture operating in a foreign country are translated into TRL at the exchange rate ruling at the balance sheet date. Income and expenses are translated into TRL at average exchange rates. Exchange differences arising from the use of closing and average exchange rates are recognized under "currency translation differences" in equity.

2.5 Seasonality of activities

The Company starts with a sales campaign for certain products at the beginning of the year and then organizes "dealer fairs" in the first quarter of the year to sell the brands it produces and imports. During these sales campaigns and dealer fairs, checks, DDS, credit cards are taken against the order amounts of the customers and most of the shipment of the orders received is realized in the first half of the year.

2.6 Significant accounting judgments, estimates and assumptions

Fair values of derivatives and other financial instruments

The Company calculates the fair values of financial instruments that do not have an active market by using market data, the use of similar transactions without collusion, reference to the fair values of similar instruments and discounted cash flow analysis.

Expected credit losses

Provision for doubtful receivables is accounted for using expected credit losses defined in TFRS 9 standard. Calculated using expected credit losses and excluding dealers subject to the Direct Debit System, taking into account the company's forecasts for the future, in addition to past experience.

2.7 Incentives Provided by the Government

Government incentives are not recognized unless there is a reasonable reason to believe that the Company fulfills the requirements of these incentives and that this incentive will be received. These incentives are recognized in revenues in the period to match the costs they are expected to cover. Income from government incentives is recognized as a deduction from an appropriate expense item.

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NOTE 3 – SEGMENT REPORTING

Fields of activity of the Company established in Türkiye are, respectively, the production of wooden wall pencils, colored pencils, toy products and other stationery equipment, the sale and export of finished products in the facilities, and importing all kinds of raw materials, semi-finished products and finished products, to buy and sell.

The Company's field of activity, the nature and economic characteristics of the products, the production processes, the classification according to the risks of the customers and the methods used in the distribution of the products are similar. In addition, the organizational structure of the Company has been established in such a way that a single activity is managed instead of the Company being managed in separate divisions containing different activities. For these reasons, the Company's operations are considered as a single operating segment, and the Company's operating results, the determination of the resources to be allocated to these activities, and the examination of the performances of these activities are evaluated within this framework.

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Demand deposit	254.019	192
Time deposit	32.781	1.058.609
Other cash equivalents	43.625	3.686
Cash and cash equivalents in the statement of cash flows	330.425	1.062.487
Interest income accruals	-	16.250
Total	330.425	1.078.737

The Company has no blocked deposits as of 30 September 2024 (31 December 2023: None).

As of 30 September 2024, the Company has reserved a portion of 967.831 USD equivalent to 32.993 TRL of its bank deposits for the payments related to the purchases of raw materials and commercial goods to be made in the future. (31 December 2023: 2.600.000 USD equivalent 98.138 TRL)

NOTE 5 – FINANCIAL INVESTMENTS

	30 September 2024	31 December 2023
Short-term financial investment (*)	39.767	178.239
	39.767	178.239

(*) USD 513.491 and USD 500.000 currency protected deposits with 50,00% and 50,00% interest rates, respectively. The maturity dates of the accounts are October 15, 2024 and November 14, 2024.

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NOTE 5 – FINANCIAL INVESTMENTS (Continued)

	30 September 2024		31 December 2023	
	%	TRL	%	TRL
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	7,67	85	7,67	85
Other long-term investments (*)		833		969
		918		1.054

(*) It is the amount of venture capital investment fund received by our company on a long-term basis, equal to 2% of the corporate tax incentive amount used, as it is an R&D center.

NOTE 6 – INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

As of 30 September 2024, and 31 December 2023, the joint venture of the Company is as follows:

	30 September 2024	Share (%)	31 December 2023	Share (%)
LLC Faber-Castell Anadolu	-	-	-	50,00
	-		-	

30 September 2024	Assets	Liabilities	Net sales	Profit/(loss)
Faber-Castell Anadolu LLC(*)	-	-	-	-
31 December 2023	Assets	Liabilities	Net sales	Profit/(loss)
Faber-Castell Anadolu LLC	2.356	5.014	-	(2.596)

(*) As of February 8, 2024, the liquidation process has been completed in accordance with Russian laws and the current situation, which has been inactive since 2019, has been terminated and closed.

NOTE 7 – BORROWINGS AND RIGHT OF USE ASSETS

30 September 2024	Interest rate %	Balance
Short term borrowings		
TRL loans	45,00 - 54,00	985.094
		985.094

As of 30 September 2024, the interest accrual calculated for the Company's short-term loans is classified within the relevant short-term bank loans, and the interest accrual calculated for the issued debt instruments is classified within the issued debt instruments.

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NOTE 7 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

30 September 2024	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	14,89 - 30,97	32.495
Short-term portions of long-term loans	12,00 - 48,27	103.386
Short-term portions of long-term issued debt instruments (*)	48,27	2.386
		138.267

(*)As of September 30, 2024, the interest accrual calculated for the short-term portion of long-term borrowings of the Company is classified in the short-term portion of the related long-term borrowings.

30 September 2024	Interest rate %	Balance
Long term borrowings		
TRL loans	48,27	85.000
Debt instruments issued (*)	48,27	250.000
Long-term lease payables	14,89 - 30,97	85.662
		420.662

(*) The Company has debt securities with a maturity of 730 days and a floating interest rate of 100 bps on the BIST TRLREF index change with a redemption date of 24.09.2026 and 4 coupon payments amounting to TRL 250.000 to be sold to qualified investors without public offering.

31 December 2023	Interest rate %	Balance
Short term borrowings		
TRL loans	17,64 - 49,87	415.078
Issued debt instruments	42,5 - 46	644.495
		1.059.573

As of 31 December 2023, the interest accrual calculated for the short-term loans of the Company has been classified under the related short-term bank loans.

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NOTE 7 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

31 December 2023	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	8,45 - 21,10	53.214
Short-term portions of long-term loans	12 -17,32	36.785
Short-term portions of long-term issued debt instruments	32,50	265.303
		355.302

As of December 31, 2023, interest accruals calculated for the short-term portion of long-term borrowings are classified in the short-term portion of the related long-term borrowings.

31 December 2023	Interest rate %	Balance
Long term borrowings		
Long term lease liabilities	14.89 - 21.10	96.836
		96.836

As of 30 September 2024, and 31 December 2023, the maturity details of the Company's long-term loans and financial lease borrowings are given below.

30 September 2024	Total liabilities
1-2 years	420.662
	420.662
31 December 2023	
	Total liabilities
1-2 years	96.836
	96.836

The movement of financial borrowings is as follows:

	<u>2024</u>	<u>2023</u>
1 January	1.361.661	1.122.008
Cash inflows from borrowing	1.463.348	1.897.799
Cash outflows related to debt payments	(1.056.314)	(1.170.942)
Interest expense	397.064	322.292
Interest paid	(397.693)	(293.639)
Monetary (gain) / loss	(342.200)	(479.886)
30 September	1.425.866	1.397.632

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NOTE 7 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

The movement of lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
1 January	150.049	69.719
Cash inflow within the period	120.042	31.625
Cash outflows related to lease payments for the period	(43.828)	(43.126)
Interest expense	19.097	8.930
Interest paid	-	(2)
Foreign exchanges gain/(loss)	-	53
Contract amendment	(80.767)	-
Monetary (gain) / loss	(46.436)	(4.720)
30 September	118.157	62.479

The movement of the Company's right of use assets as of September 30, 2024 and September 30, 2023 is presented below.

Right of use assets	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
As of 1 January 2024	38.010	145.104	183.114
Additions	-	120.042	120.042
Disposal	(1.972)	(119.318)	(121.290)
Current depreciation expense (*)	(16.844)	(28.777)	(45.621)
As of 30 September 2024	19.194	117.051	136.245

(*) TRL 267 of depreciation expenses is included in the cost of goods sold, TRL 3.957 is included in general administrative expenses and TRL 41.397 is included in marketing, selling and distribution expenses.

Right of use assets	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
As of 1 January 2023	46.590	47.613	94.203
Additions	14.829	6.275	21.104
Changes in contracts	-	10.525	10.525
Current depreciation expense (*)	(17.644)	(19.332)	(36.976)
As of 30 September 2023	43.775	45.081	88.856

(*) TRL 457 of depreciation expenses is included in the cost of goods sold, TRL 6.679 is included in general administrative expenses and TRL 29.840 is included in marketing, selling and distribution expenses.

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NOTE 8 – TRADE RECEIVABLES AND PAYABLES

Trade Receivables	30 September 2024	31 December 2023
Trade receivables from related parties (Note 23)	116.827	70.484
Trade receivables from third parties	1.200.411	90.447
	1.317.238	160.931

Trade receivables from third parties	30 September 2024	31 December 2023
Cheques and notes receivables	98.756	1.308
Trade receivables	1.108.757	102.833
Rediscount (-)	-	(5.028)
Provisions for doubtful trade receivables (-)	(7.102)	(8.666)
	1.200.411	90.447

As of 30 September 2024, and 2023, the movement for doubtful trade receivables is as follows:

	2024	2023
1 January	8.666	13.110
Provision provided during the period	745	-
Monetary (gain) / loss	(2.309)	(4.383)
30 September	7.102	8.727

Trade payables	30 September 2024	31 December 2023
Trade payables to related parties (Note 23)	8.198	9.046
Trade payables to third parties	193.509	180.660
	201.707	189.706

Trade payables to third parties	30 September 2024	31 December 2023
Suppliers	193.509	173.643
Other trade payables	-	15.200
Rediscount (-)	-	(8.183)
	193.509	180.660

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other receivables	30 September 2024	31 December 2023
Other receivables from third parties	2.453	10.028
	2.453	10.028
Other receivables from third parties	30 September 2024	31 December 2023
Receivables from employees	1.212	2.492
Deposits and guarantees given	357	1.546
Sublease receivables	-	5.645
Other miscellaneous receivables	884	345
	2.453	10.028
Other long-term receivables	30 September 2024	31 December 2023
Sublease receivables	-	520
	-	520
Other payables	30 September 2024	31 December 2023
Other payables to third parties	6.875	538
	6.875	538
Other payables to third parties	30 September 2024	31 December 2023
Taxes, fees and deductions payable	5.861	-
Other	1.014	538
	6.875	538
Employee benefit obligations	30 September 2024	31 December 2023
Payables to employees	31.949	24.290
Social security premiums payable	8.570	16.752
Taxes, fees and deductions payable	7.477	40.613
	47.996	81.655
Long-term employee benefit obligations	30 September 2024	31 December 2023
Payables to employees	9.179	13.071
	9.179	13.071

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NOTE 10 – INVENTORIES

	30 September 2024	31 December 2023
Raw materials	262.661	253.220
Semi-finished goods	83.463	92.190
Finished goods	146.065	246.276
Trade goods	237.006	257.746
Other inventories	7.262	9.144
Provision for impairment of inventories (-) (*)	(22.222)	(22.222)
	714.235	836.354

As of 30 September 2024, and 2023, the movement table for the provision for inventory impairment, as a result of the assessment of the recoverability of inventories, is as follows:

	2024	2023
1 January	22.222	18.324
Provisions no longer required (-)	-	(4.295)
Addition	-	55.316
30 September	22.222	69.345

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Special Cost	Total
As of 1 January 2024,									
Cost	40.789	19.325	635.446	878.910	14.258	237.997	-	4.918	1.831.643
Accumulated depreciation	-	(17.489)	(116.061)	(714.120)	(14.225)	(210.733)	-	(2.012)	(1.074.640)
Net book value	40.789	1.836	519.385	164.790	33	27.264	-	2.906	757.003
Opening balance	40.789	1.836	519.385	164.790	33	27.264	-	2.906	757.003
Additions	-	-	312	4.639	-	5.042	24.123	-	34.116
Disposal cost	-	-	-	(716)	-	(5.244)	-	-	(5.960)
Disposal depreciation	-	-	-	396	-	3.023	-	-	3.419
Transfers	-	-	-	-	-	-	-	-	-
Depreciation (*)	-	-	(11.790)	(25.130)	(8)	(6.760)	-	(1.653)	(45.341)
Closing balance	40.789	1.836	507.907	143.979	25	23.325	24.123	1.253	743.237
As of 30 September 2024,									
Cost	40.789	19.325	635.758	882.833	14.258	237.795	24.123	4.918	1.859.799
Accumulated depreciation	-	(17.489)	(127.851)	(738.854)	(14.233)	(214.470)	-	(3.665)	(1.116.562)
Net book value	40.789	1.836	507.907	143.979	25	23.325	24.123	1.253	743.237

(*) 33.369 TRL of depreciation expenses is included in the cost of goods sold, 1.229 TRL is included in general administrative expenses, 1.814 TRL is included in research and development expenses, and 8.929 TRL is included in marketing, sales and distribution expenses.

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Special Cost	Total
As of 1 January 2023,									
Cost	40.789	19.324	632.585	869.911	14.258	249.677	47.661	2.033	1.876.238
Accumulated depreciation	-	(15.624)	(101.907)	(676.270)	(14.101)	(216.855)	-	(1.823)	(1.026.580)
Net book value	40.789	3.700	530.678	193.641	157	32.822	47.661	210	849.658
Opening balance	40.789	3.700	530.678	193.641	157	32.822	47.661	210	849.658
Additions	-	-	2.352	5.729	-	5.669	14.801	1.435	29.986
Disposal cost	-	-	-	(520)	-	(13.966)	-	-	(14.486)
Disposal depreciation	-	-	-	-	-	12.916	-	-	12.916
Transfers	-	-	-	-	-	-	(1.450)	1.450	-
Depreciation (*)	-	(1.538)	(12.077)	(28.711)	(110)	(5.942)	-	(104)	(48.482)
Closing balance	40.789	2.162	520.953	170.139	47	31.499	61.012	2.991	829.592
As of 30 September 2023,									
Cost	40.789	19.324	634.937	875.120	14.258	241.380	61.012	4.918	1.891.738
Accumulated depreciation	-	(17.162)	(113.984)	(704.981)	(14.211)	(209.881)	-	(1.927)	(1.062.146)
Net book value	40.789	2.162	520.953	170.139	47	31.499	61.012	2.991	829.592

(*) 30.551 TRL of depreciation expenses is included in the cost of goods sold, 3.210 TRL is included in general administrative expenses, 950 TRL is included in research and development expenses, and 13.771 TRL is included in marketing, sales and distribution expenses.

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NOTE 12 – INTANGIBLE ASSETS

Intangible assets include computer software, rights and development costs.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2024,					
Cost	3.020	81.082	215.557	17.810	317.469
Accumulated amortizations	(2.655)	(12.841)	(180.032)	(14.616)	(210.144)
Net book value	365	68.241	35.525	3.194	107.325
Opening balance	365	68.241	35.525	3.194	107.325
Additions	-	-	471	-	471
Transfers	-	-	-	-	-
Depreciation (*)	(127)	(12.231)	(10.681)	(3.418)	(26.457)
End of the period	238	56.010	25.315	(224)	81.339
As of 30 September 2024,					
Cost	3.020	81.082	216.028	17.810	317.940
Accumulated amortizations	(2.782)	(25.072)	(190.713)	(18.034)	(236.601)
Net book value	238	56.010	25.315	(224)	81.339

(*) For the current period, 14.296 TRL of amortization is included in the cost of goods sold, 1.092 TRL is included in the cost of general administrative expenses, 3.602 TRL is included in the cost of research and development expenses, and 7.467 TRL is included in the cost of marketing, sales and distribution expenses.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2023,					
Cost	2.700	20.270	206.210	17.810	246.990
Accumulated amortizations	(2.418)	(7.363)	(163.988)	(9.797)	(183.566)
Net book value	282	12.907	42.222	8.013	63.424
Opening balance	282	12.907	42.222	8.013	63.424
Additions	164	-	2.960	-	3.124
Transfers	-	-	-	-	-
Depreciation (*)	(162)	(2.473)	(11.942)	-	(14.577)
End of the period	284	10.434	33.240	8.013	51.971
As of 30 September 2023,					
Cost	2.864	20.270	209.170	17.810	250.114
Accumulated amortizations	(2.580)	(9.836)	(175.930)	(9.797)	(198.143)
Net book value	284	10.434	33.240	8.013	51.971

(*) For the current period, TRL 1.717 of amortization is included in the cost of goods sold, TRL 1.208 is included in the cost of general administrative expenses, TRL 2.497 is included in the cost of research and development expenses, and TRL 9.155 is included in the cost of marketing, sales and distribution expenses.

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NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2024	31 December 2023
Provisions for lawsuits	3.258	254
	3.258	254

The Company's 12 employees have filed 12 lawsuits against the Company for the cancellation of the termination of their employment contracts, reemployment and other compensation claims and a litigation provision amounting to TRL 3.258 has been set aside as a result of the evaluations of the lawyers in relation to the related lawsuits.

	2024	2023
As of 1 January,	254	1.772
Provisions no longer required (-)	-	(25)
Provision provided during the period	3.071	-
Monetary (gain) / loss	(67)	(565)
As of 30 September,	3.258	1.182

Contingent liabilities and contingent assets

After Adel Kalemcilik Ticaret ve Sanayi A.Ş. could not collect its receivable of 60 TRL arising from its current account relationship with its customer, Istanbul 18th Enforcement Directorate file number 2012/20785E and 2012/18797E and Kartal 1st Enforcement Directorate file number 2012/6142E. Enforcement proceedings were carried out with and the sale of the seized real estate was requested on 7 October 2013. The valuation report has been notified and the real estate sales process continues.

2014/14137E, 2014/15246E, 2014/16896E, filed under Izmir 2, 8, 10 and 14th Enforcement Directorate, as a result Adel Kalemcilik Ticaret ve Sanayi A.Ş.'s inability to collect its receivable of 594 TRL arising from its current account relationship with its customer and 2015/574E, enforcement proceedings were initiated against the debtor company, and a payment order notification was issued against the debtor company, by proceeding with the main proceeding through a lien specific to bills of exchange. Investigations continue for the purpose of collecting the receivable.

There are commercial lawsuits filed against Adel Kalemcilik Ticaret ve Sanayi A.Ş. by the employees of the two subcontractors, whose contracts the Company terminated as of 31 August 2013, due to their failure to fulfill their legal obligations towards their employees, within the framework of the principles of joint and several liability. Provision has been made as of 30 September 2024. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

Following the failure of Adel Kalemcilik Ticaret ve Sanayi A.Ş. to collect its receivables arising from its current account relationship with its customer, a lawsuit was filed with the file number 2016/12354 E (New Basis: 2021/14645 E.) filed within the Istanbul Anatolian 17th Enforcement Directorate. Provision has been made for the amount. Main proceedings have been initiated and the assets recorded on the debtor have been inquired about. There are no assets registered in the name of the debtor, investigations are continuing to collect the receivable.

Following the inability of Adel Kalemcilik Ticaret ve Sanayi A.Ş. to collect due to its current account relationship with its customer, a receivable was recorded in the bankruptcy estate with the file number 2017/32 at Istanbul Anadolu 3rd Bankruptcy Directorate. A provision has been made for the said amount.

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NOTE 13 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

<i>Guarantees and commitments given</i>	30 September 2024	31 December 2023
Letters of guarantee	12.610	165.595
Letter of credit commitments	-	41.657

As of 30 September 2024, and 31 December 2023, the tables regarding the Company's collateral/pledge/mortgage (“CPM”) position are as follows:

30 September 2024

Letter of guarantees, pledge and mortgages provided by the Company	TRL equivalents	TRL
A. Total amount of GPMs given on behalf of the Company’s legal personality	12.610	12.610
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	-	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-
D. Total amount of other GPM’s	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-
	12.610	12.610

31 December 2023

Letter of guarantees, pledge and mortgages provided by the Company	TRL equivalents	TRL
A. Total amount of GPMs given on behalf of the Company’s legal personality	165.595	165.595
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	-	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-
D. Total amount of other GPM’s	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-
	165.595	165.595

The ratio of other CPMs given by the company to the equity of the Company is 0% as of 30 September 2024 (31 December 2023: 0%).

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NOTE 14 – EMPLOYEE BENEFITS

Short term employee benefits	30 September 2024	31 December 2023
Premium accruals	54.958	7.884
Provisions for unused vacations	2.060	3.498
	57.018	11.382
Long term employee benefits	30 September 2024	31 December 2023
Provisions for employment termination benefits	29.150	39.250
	29.150	39.250

The movement table of unused vacation accruals as of 30 September 2024 and 2023 is as follows:

	2024	2023
As of 1 January,	3.498	2.084
Addition	8.166	12.419
Provision for vacation used	(8.681)	(10.424)
Monetary (gain) / loss	(923)	(694)
As of 30 September,	2.060	3.385

Provisions for employee termination benefits

In accordance with the provisions of the Labor Law in force, there is an obligation to pay the legal severance pay to employees whose employment contract has ended so that they are entitled to severance pay. In addition, in accordance with the legislation currently in force, there is an obligation to pay the legal severance pay to those who have the right to leave the job by receiving severance pay. As of 1 July 2024, the severance pay to be paid is subject to a monthly ceiling of 41,828.42 full TRL (1 January 2024: 35,058.58 TRL). Severance pay liability is not legally subject to any funding. Severance pay liability is calculated based on the estimation of the present value of the company's possible future liability arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires the company to develop its liabilities within the scope of defined monthly plans using actuarial valuation methods. Accordingly, the actuarial assumptions used in calculating total liabilities are stated below:

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, the provisions in the accompanying financial statements as of 30 September 2024 and 31 December 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

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NOTE 14 – EMPLOYEE BENEFITS (Continued)

	<u>2024</u>	<u>2023</u>
As of 1 January	39.250	84.931
Service cost	14.370	22.270
Severance pay paid	(5.881)	(49.795)
Actuarial (gain) / loss	(8.987)	7.643
Monetary (gain) / loss	(9.602)	(27.331)
As of 30 September,	29.150	37.718

	30 September 2024	31 December 2023
Discount rate (%)	2,72	1,72
Turnover rate used in retirement probability calculation (%)	92,34	92,60

NOTE 15 – OTHER ASSETS AND LIABILITIES

Short-term prepaid expenses	30 September 2024	31 December 2023
Advances given	42.439	11.672
Prepaid expenses for the coming months	12.019	12.036
	54.458	23.708

Current tax assets	30 September 2024	31 December 2023
Prepaid taxes and funds	-	135.740
	-	135.740

Other current assets	30 September 2024	31 December 2023
Deffered VAT	9.150	60.170
Work advances	10	14
Advances to personnel	-	34
Other miscellaneous current assets	24	6
	9.184	60.224

Long-term prepaid expenses	30 September 2024	31 December 2023
Prepaid expense for the following years	14.089	9.009
	14.089	9.009

Deffered income	30 September 2024	31 December 2023
Advances received	12.373	209.511
Prepaid expense for the following months	-	6.140
	12.373	215.651

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NOTE 16 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Equity

The shareholders of the Company and their shares in the capital are given below.

	30 September 2024		31 December 2023	
	% Share	Balance	% Share	Balance
AG Anadolu Grubu Holding A.Ş.	56,89	147.831	56,89	13.439
Faber - Castell Aktiengesellschaft	15,4	40.017	15,4	3.638
Shares publicly held	27,71	72.027	27,71	6.548
Paid in capital	100,00	259.875	100,00	23.625
Inflation adjustment to share capital		283.191		519.441
Total capital		543.066		543.066

Inflation adjustments to share capital represent the effect of restating cash additions to paid-in capital with year-end purchasing power.

Number of shares and share groups and privileges:

40.017.351 shares amounting to TRL 40.017 are registered shares and 219.857.649 shares amounting to TRL 219.858 are bearer shares in accordance with the Foreign Capital Legislation. There are no privileges granted to shareholders in the election of the Board of Directors.

Restricted reserves

The legal reserves consist of first and second legal reserves in accordance with the TCC. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital. Under TCC, the legal reserves are only available for netting off losses unless they exceed 50% of the historical paid-in share capital otherwise they are not allowed to be used for other purposes. As a result of the sale of the immovable and participation shares evaluated within the scope of Article 5/e of the Corporate Tax Law No. 5520, 75% of the sales profit has been classified as "Profit from the sale of real estate and participation shares".

	30 September 2024	31 December 2023
Legal reserves	278.113	263.230
Gain on sale of real estate and associate shares	3.960	3.961
R&D investment fund	1.444	1.062
	283.517	268.253

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NOTE 16 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Retained Earnings

Retained earnings consist of extraordinary reserves and other retained earnings. Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below:

	30 September 2024	31 December 2023
Other retained earnings /(losses)	304.576	(13.415)
<u>Extraordinary reserves</u>	<u>217.252</u>	<u>129.854</u>
	521.828	116.439

As of September 30, 2024, and 2023, the fund items included in equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows.

	30 September 2024		
<i>Retained Earnings</i>	CPI Adjusted Statuary Entrys	PPI Adjusted Statuary Entrys	Followed ammount of
Adjustments to share capital	419.204	283.191	136.013
Reserves on retained earning	375.565	283.517	92.048

Dividend distribution

In accordance with the CMB decision numbered 7/242 dated 25 February 2005; If the profit distribution amount calculated in accordance with the CMB's regulations regarding the minimum profit distribution obligation, based on the net distributable profit found in accordance with the CMB regulations, can be fully covered from the distributable profit in the legal records, this entire amount will be distributed, and if not, the entire net distributable profit in the legal records will be distributed. If there is a period loss in the financial statements prepared in accordance with CMB regulations or in any of the legal records, no profit distribution will be made. With the decision of the CMB dated 27 January 2010, it was decided not to impose any minimum profit distribution obligation on dividend distribution for publicly held joint stock companies whose shares are traded on the stock exchange.

Capital increase, free of charge, capital inflation adjustment differences and registered values of extraordinary reserves; It can be used for cash profit distribution or loss offset. However, equity inflation adjustment differences are subject to corporate tax if used in cash profit distribution.

The company management took the profit distribution decision at the General Assembly meeting. In case of distribution of these profits, the entire profit distribution amount will be covered from the distributable profit in the legal records.

At the Ordinary General Assembly meeting held on April 16, 2024, it was decided to distribute a net period profit of 150,002 full TRL as a dividend from the Company's 2023 operating year according to the Profit Distribution Table prepared within the scope of the Capital Markets Board Dividend Guide. It was decided to distribute the gross dividend to full taxpayer institutions at a rate of 57.72%, which is 0.5772 full TRL for each share with a nominal value of 1 full TRL, and at a net rate of 51.95%, which is 0.5194 full TRL for each share with a nominal value of 1 full TRL. Dividend payments were made on September 26, 2024.

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NOTE 17 – REVENUE AND COST OF SALES

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Domestic sales	3.334.175	3.622.613	1.319.207	1.658.666
Export sales	95.481	170.534	33.385	78.704
Sales discounts (-)	(1.089.138)	(827.725)	(407.484)	(245.714)
Net sales	2.340.518	2.965.422	945.108	1.491.656
Cost of sales (-)	(1.137.507)	(1.532.299)	(518.924)	(751.080)
Gross profit	1.203.011	1.433.123	426.184	740.576

The breakdown of the cost of sales by periods is as follows:

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Direct material cost	279.997	794.969	96.499	328.255
Direct labour costs	171.728	172.873	52.530	26.770
General production expenses	81.758	69.005	28.071	23.794
Depreciation and amortization expenses	47.932	32.724	18.497	5.207
Provision for impairment of inventories	-	55.316	-	-
Change in semi-finished goods	8.727	(24.918)	34.312	19.186
Change in finished goods	100.211	(84.293)	100.762	151.097
Cost of products sold	690.353	1.015.676	330.671	554.309
Cost of goods sold	447.154	516.623	188.253	196.771
Cost of sales	1.137.507	1.532.299	518.924	751.080

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NOTE 18 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Other income from operating activities				
Foreign exchange gain	10.743	71.317	2.748	3.754
Rediscount interest income	340	8.314	-	4.826
Other	4.642	12.889	335	5.962
	15.725	92.520	3.083	14.542

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Other expenses from operating activities				
Foreign exchange losses	5.906	13.695	1.015	(611)
Donation expenses	7.797	5.326	5.781	3.352
Litigation provision expenses (Note: 13)	3.316	-	1.518	-
Rediscount interest expense	-	47.138	-	18.647
Other	7.125	4.917	1.389	1.851
	24.144	71.076	9.703	23.239

NOTE 19 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Income from investment activities				
Gain on sale of property, plant and equipment	537	468	30	142
Profit on Sale of Funds	24.371	5.454	8.557	-
	24.908	5.922	8.587	142

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Expense from investment activities				
Expense arising from the cancellation of the lease agreement	37.058	-	(8.529)	-
Loss on sale of property, plant and equipment	978	203	554	(141)
Transfer of foreign currency translation differences previously recognized in other comprehensive income to the statement of income	5.346	-	-	-
	43.382	203	(7.975)	(141)

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NOTE 20 – FINANCE INCOME AND EXPENSES

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Finance income				
Interest income	134.067	108.193	1.671	20.572
Foreign exchange income	18.654	47.893	(25.474)	18.397
Currency-protected deposit income	16.047	49.045	1.614	9.890
Interest income from sublease receivables	135	-	(12)	-
	168.903	205.131	(22.201)	48.859
	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Finance expenses				
Interest expenses	416.161	331.221	123.005	125.212
Foreign exchange losses	3.671	4.794	(27.374)	(7.144)
	419.832	336.015	95.631	118.068

NOTE 21- DEFERRED TAX ASSETS AND LIABILITIES

The company is subject to taxation in accordance with the tax laws of the countries in which it operates and other legislation.

In Türkiye, the corporate tax rate is 25%. Corporate tax is declared until the twenty-fifth day of the fourth month following the end of the accounting period to which it relates and paid in one lump sum until the end of the relevant month. In accordance with the tax legislation, provisional tax is calculated and paid at the corporate tax rate on quarterly earnings, and the amounts paid in this way are deducted from the tax calculated over the annual income.

Under Turkish tax legislation, tax losses can be carried forward for a maximum of five years following the year in which they were incurred. In addition, tax returns and related accounting records can be examined by the tax administration within five years.

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Current period statutory tax provision (-)	(137.333)	(335.937)	(88.182)	(197.651)
Deferred tax income/(expense)	35.195	21.283	25.824	(15.906)
Total deferred tax income, net	(102.138)	(314.654)	(62.358)	(213.557)

	30 September 2024	31 December 2023
Period income tax provision	(137.333)	(181.360)
Prepaid tax expenses (-)	88.171	317.100
Profit for the period tax (liability)/receivable, net	(49.162)	135.740

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NOTE 21- DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Tax Advantages Obtained Under the Investment Incentive System:

The Company's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or fully until the investment contribution amount is reached.

Within the scope of the Company's incentive certificates, there is no discounted corporate tax advantage used in return for the current period's legal tax. (30 September 2023: None)

The company capitalizes the R&D expenditures made within the scope of the law no. 5746 in its statutory books. In accordance with the provisions of the same law, the Company calculates R&D expenditures within the framework of the relevant legislation and utilizes R&D deductions for the portion of the R&D expenditures allowed by law. As of 30 September 2024, the Company has used R&D deduction exemption amounting to TRL 4.123 (30 September 2023: TRL 3.037) against statutory tax.

	Total temporary differences		Deferred tax	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Tangible and intangible assets	39.554	148.825	9.889	37.206
Provision for employment termination benefits	27.774	48.591	6.943	12.148
Turnover and dealer premium provisions	260.590	-	65.148	-
Royalty expense provision	11.556	-	2.889	-
Inventory, provision for impairment on inventories	(129.294)	(85.508)	(32.323)	(21.377)
Incentive premium accrual	60.200	31.919	15.050	7.979
Lease services	(18.089)	(39.313)	(4.522)	(9.828)
Other adjustments	12.623	26.475	3.155	6.616
Deferred tax asset/(liability), net	264.914	130.989	66.229	32.744

	2024	2023
1 January	32.744	(139.218)
Deferred tax expense/(income)	35.195	21.283
Severance pay accounted under equity	(2.247)	1.385
effect of remeasurement differences	-	-
Impact of derivative financial instruments	537	(2.299)
30 September	66.229	(118.849)

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NOTE 22 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares of the Company during the period. The Company's earnings per share calculation is as follows.

	1 January - 30 September 2024	1 January - 30 September 2023
Profit /(loss) for the period	201.077	447.994
Average number of shares (weighted average number of shares with a nominal value of TRL 1 per share)	32.278.846	23.625.000
Earnings per share / (loss) (Full TRL)	6,2294	18,9627

NOTE 23 – RELATED PARTY BALANCES AND TRANSACTIONS

a) Related Party Balances

	Receivables from related parties	
	30 September 2024	31 December 2023
Migros Ticaret A.Ş. (2)	111.183	61.964
A.W.Faber-Castell Vertrieb GmbH (2)	75	6.481
AEP Anadolu Etap Penkon (2)	1.283	3.470
A.W.Faber Castell Peruana SA (2)	3.042	1
LLC Faber-Castell Anadolu (3)	-	1.401
Other	1.244	1.252
	116.827	74.569
Less: Rediscount on receivables / payables (-)	-	(4.085)
	116.827	70.484

	Payable to related parties	
	30 September 2024	31 December 2023
AEH Sigorta Acentalığı A.Ş. (2)	1.114	5
AG Anadolu Grubu Holding A.Ş. (1)	6.877	9.449
Other	207	27
	8.198	9.481
Less: Rediscount on receivables/ payables (-)	-	(435)
	8.198	9.046

- 1) Shareholders
- 2) Other companies managed by the shareholders
- 3) Business partnerships

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NOTE 23 – RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Related party transactions

	1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
Purchases of goods				
A.W.Faber-Castell Vertrieb GmbH (2)	99.912	128.873	47.122	28.885
A.W. Faber-Castell (Guangzhou) Stationery Co. Ltd. (2)	61.870	94.415	-	27.083
A.W.Faber Castell (M) Sdn.Bhd. (2)	57.785	115.237	-	36.856
Pt. Pencil Lead Indonesia (2)	18.092	21.466	-	9.084
Other	2.291	3.650	-	359
	239.950	363.641	47.122	102.267
Sales of goods				
Migros Ticaret A.Ş. (2)	102.621	121.007	78.140	102.755
A.W.Faber Castell Peruana (2)	3.024	8.737	3.024	8.737
Anadolu Etap Penkon Gıda ve İçecek A.Ş. (2)	16.219	15.908	8.976	6.389
Other	2.418	5.027	1.250	3.202
	124.282	150.679	91.390	121.083
Services received				
AG Anadolu Grubu Holding A.Ş. (1)	41.164	28.086	14.284	9.667
Anadolu Efes Spor Kulübü (2)	5.844	2.955	-	-
Other	381	1.160	195	199
	47.389	32.201	14.479	9.866
Services given				
A.W. Faber-Castell Vertrieb GmbH, (2)	5.693	4.852	5.693	-
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün San ve Tic A.Ş (2)	10.338	8.134	3.592	3.992
Anadolu Kafkasya Enerji Yatırımları A.Ş. (2)	2.584	2.307	889	979
Other	1.095	2.820	139	214
	19.710	18.113	10.313	5.185
Other transactions				
Donations and grants (*)	3.339	5.548	2.250	3.568

(*) Consists of donations made to Anadolu Eğitim ve Sosyal Yard. Vakfı (2)

1) Shareholders

2) Other companies managed by the shareholders

c) Benefits provided to key management

The Company has determined the key management personnel as members of the board of directors, President of Agriculture Energy and Industry Group, general manager and managers reporting directly to the general manager. Benefits provided to key management personnel are as follows:

	2024	2023
Short-term employee benefits	65.741	68.347
Other long-term benefits	5.462	11.549
Benefits provided due to termination of employment	-	11.576
30 September	71.203	91.471

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NOTE 24 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The management of the Company considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Company controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the statement of financial position) less cash and cash equivalents. Total equity is calculated by adding shareholders equity and net debt, as shown in the balance sheet.

The Company's overall strategy based on equity does not differ from the previous period.

The Company does not have speculative financial instruments (including derivative financial instruments) and does not have any activity related to the purchase and sale of such instruments.

As of September 30, 2024 and December 31, 2023, net debt / (equity + net debt) ratio is as follows;

	30 September 2024	31 December 2023
Total borrowings	1.544.023	1.511.712
Less: Cash and cash equivalents	(370.192)	(1.256.975)
Net debt	1.173.831	254.736
Total equity	1.549.076	1.509.175
Total equity + net debt	2.722.907	1.763.911
Net debt / (total equity+net debt) ratio	43%	14%

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**NOTE 24 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(b) Credit risk

The Company's activities expose it to foreign exchange and other risks. The Company is also exposed to the risk that counterparties may not fulfill the requirements of the agreement due to holding financial instruments.

Market risks encountered at the Company level are measured on the basis of sensitivity analysis. In the current year, there has been no change compared to the previous year in the Company's exposure to market risks or in the way the Company handles or measures these risks.

(c) Currency risk and management

Transactions in foreign currency cause the exchange rate risk to occur.

The Company is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish lira. Currency risk arises due to future commercial transactions and the difference between recorded assets and liabilities.

The TRL equivalents of foreign currency assets and liabilities held by the Company are as follows:

	30 September 2024	31 December 2023
Assets	66.836	164.677
Liabilities	(33.674)	(56.627)
Net balance sheet foreign currency position	33.162	108.050

The Company is exposed to currency risk mainly in US Dollar and Euro.

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**NOTE 24 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(c) Currency risk and management (Continued)

Profit/Loss 30 September 2024	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	5.537	(5.537)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	5.537	(5.537)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	1.096	(1.096)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	1.096	(1.096)
On average 20% +/- change in other exchange rates against TRL:		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
9- Net effect on other FX assets (7+8)	-	-
	6.633	(6.633)
Profit/Loss 31 December 2023	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	20.994	(20.994)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	20.994	(20.994)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	616	(616)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	616	(616)
On average 20% +/- change in other exchange rates against TRL:		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
9- Net effect on other FX assets (7+8)	-	-
	21.610	(21.610)

(*) The effect of derivative instruments for hedging purposes is not taken into account.

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NOTE 24 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(c) Currency risk and management (Continued)

It summarizes the Company's foreign currency position risk. The recorded amounts of foreign currency assets and liabilities held by the Company are as follows. by foreign currency type:

	30 September 2024					31 December 2023				
	TRL equivalent	USD	Avro	GBP	Other	TRL equivalent	USD	Avro	GBP	Other
1. Trade receivables	13.476	321	66	-	-	34.055	668	166	-	-
2a. Monetary financial assets	32.993	963	4	-	-	103.986	2.600	-	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	20.367	328	242	-	-	26.637	582	76	-	-
4. Total current assets (1+2+3)	66.836	1.612	312	-	-	164.678	3.850	242	-	-
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total non-current assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total assets (4+8)	66.836	1.612	312	-	-	164.678	3.850	242	-	-
10. Trade payables	23.575	518	156	-	-	54.344	1.177	164	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	10.099	283	12	-	-	2.284	48	8	-	-
12b. Othre non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	33.674	801	168	-	-	56.628	1.225	172	-	-
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	-	-	-	-	-	-	-	-	-	-
18. Total liabilities (13+17)	33.674	801	168	-	-	56.628	1.225	172	-	-
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	511.933	12.800	-	-	-
19a. Total asset amount hedged	-	-	-	-	-	511.933	12.800	-	-	-
19b. Total liabilities amount hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	33.162	811	144	-	-	619.983	15.425	70	-	-
21. Monetary items net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)	33.162	811	144	-	-	108.050	2.625	70	-	-
22. Total fair value of financial instruments used for currency h	-	-	-	-	-	-	-	-	-	-
23. Exports	95.481	1.609	594	-	14.439	212.260	3.608	786	-	-
24. Imports	485.854	10.264	2.941	51	9.154	587.676	14.759	3.943	105	16.369

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**NOTE 24 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(d) Interest rate risk and management

As of 30 September 2024, the Company does not have any floating rate borrowings. (31 December 2023: None).

(e) Credit risk management

Holding financial instruments also carries the risk that the other party will not be able to fulfill the requirements of the agreement. The Company's collection risk mainly arises from its trade receivables. Trade receivables are evaluated in accordance with the Company's policies and procedures and are recognized net of provision for doubtful receivables.

The majority of the Company's sales are for the domestic market and it is mainly carried out through dealers and wholesalers. About 58% of the sales are due to the sales of the manufactured products. The commercial goods sold by the Company are of foreign origin. Therefore the company's merchandise costs are sensitive to the exchange rate. The cost of raw materials depends on the general price trend in the country. Approximately 96% of the Company's net sales are domestically oriented and the fluctuations in exchange rates are taken into account when determining price levels.

The Company collects its receivables mainly through checks received from its dealers and also uses a direct debit system (DDS) and other collection instruments. The Company mainly uses the direct debit system (DBS) as a collection tool. Since the issuers of the checks received in general are the customers of the dealers, risk distribution is provided. Since the Company operates in this system, there is no significant risk arising from its receivables.

(f) Liquidity risk and management

The Company tries to manage its liquidity risk by regularly monitoring the cash flows and ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Liquidity risk tables

Prudent liquidity risk management refers to holding sufficient cash, availability of sufficient credit transactions and fund resources, and the power to close market positions.

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

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NOTE 25 – FINANCIAL INSTRUMENTS

25.1 Fair value

The Company considers that the carrying values of financial instruments reflect their fair values.

	30 September 2024	Level 1	Level 2	Level 3
Derivative financial liabilities	-	-	-	-
	31 December 2023	Level 1	Level 2	Level 3
Derivative financial liabilities	2.338	-	2.338	-

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques not containing observable market inputs

25.2 Derivative financial instruments and hedge accounting

The Company has started to apply cash flow hedge accounting as of October 1, 2018.

As of September 30, 2024, the Company has a forward transaction. (31 December 2023: Nominal value of TRL 287.919 amounting to USD 8.500.000).

As of 30 September 2024, the Company has allocated USD 967.831 equivalent of TRL 32.993 from its bank deposits for the payments related to raw material and trade goods purchases to be made in the future periods in order to hedge against fluctuations in foreign exchange rates and the related amount has been subject to hedge accounting. (31 December 2023: USD 2.600.000 equivalent of TRL 98.138)

At the inception of a hedging transaction, the Company documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company recognizes the hedging instruments used in hedging transactions both at the inception of the hedging transaction and at regular intervals in the hedged items. whether they are highly effective in offsetting changes in their values.

The Company is a party to various forward foreign exchange contracts and options depending on the management of exchange rate fluctuations. The derivative instruments purchased are mainly denominated in foreign currencies in the markets in which the Company operates for inventory purchases, purchases of machinery and equipment denominated in foreign currencies and other service contracts denominated in foreign currencies.

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NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

25.2 Derivative financial instruments and hedging transactions (Continued)

	2024			2023		
	Contract Amount	Fair Values		Contract Amount	Fair Values	
		Asset	Liability		Asset	Liability
For hedging purposes:						
Forward transaction	-	-	-	339.955	-	2.338
	-	-	-	339.955	-	2.338
Short term	-	-	-	339.955	-	2.338
	-	-	-	339.955	-	2.338

Objectives in financial risk management:

The Company's finance department is responsible for ensuring regular access to financial markets and monitoring and managing the financial risks incurred in connection with the Company's activities. These risks are; It includes market risk (including currency risk, fair interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not have speculative financial instruments (including derivative financial instruments) and does not have any activity related to the purchase and sale of such instruments.

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NOTE 25 – FINANCIAL INSTRUMENTS (Continued)

25.2 Derivative financial instruments and hedging transactions (Continued)

30 September 2024	Notes	Fair value differences reflected in other comprehensive	Financial assets shown at amortized cost	Financial liabilities shown at amortized value	Book value	Fair value
<u>Financial assets</u>						
Cash and cash equivalences	4	-	330.425	-	330.425	330.425
Trade receivables from third parties	8	-	1.200.411	-	1.200.411	1.200.411
Receivables from related parties	23	-	116.827	-	116.827	116.827
Other financial assets	5	-	918	-	918	918
<u>Financial liabilities</u>						
Financial borrowings	7	-	-	1.425.866	1.425.866	1.425.866
Lease liabilities	7	-	-	118.157	118.157	118.157
Trade payables	8	-	-	193.509	193.509	193.509
Payables from related parties	23	-	-	8.198	8.198	8.198
Other financial liabilities	9	-	-	6.875	6.875	6.875
31 December 2023	Notes	Fair value differences reflected in other	Financial assets shown at amortized cost	Financial liabilities shown at amortized	Book value	Fair value
<u>Financial assets</u>						
Cash and cash equivalences	4	-	1.078.737	-	1.078.737	1.078.737
Trade receivables from third parties	8	-	90.447	-	90.447	90.447
Receivables from related parties	23	-	70.484	-	70.484	70.484
Other financial assets	5	-	1.054	-	1.054	1.054
<u>Financial liabilities</u>						
Financial borrowings	7	-	-	1.361.661	1.361.661	1.361.661
Lease liabilities	7	-	-	150.050	150.050	150.050
Trade receivables from third parties	8	-	-	180.660	180.660	180.660
Payables from related parties	23	-	-	9.046	9.046	9.046
Derivatives	25.1	-	-	2.338	2.338	2.338
Other financial liabilities	9	-	-	538	538	538

NOTE 26 – EVENTS AFTER THE REPORTING PERIOD

None.