

**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 JUNE 30, 2025**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL INFORMATION**

To the General Assembly of Adel Kalemcilik Ticaret ve Sanayi A.Ş.

Introduction

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Salim Alyanak, SMMM
Independent Auditor

Istanbul, 11 August 2025

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**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025**

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

	Notes	Reviewed 30 June 2025	Audited 31 December 2024
Assets			
Current assets			
Cash and cash equivalents	4	151.926	769.273
Trade receivables		682.793	153.083
- Trade receivables from related parties	22	43.940	49.870
- Trade receivables from third parties	7	638.853	103.213
Other receivables		3.544	1.779
- Other receivables from third parties	8	3.544	1.779
Inventories	9	1.093.872	921.064
Prepaid expenses	14	164.961	21.145
- Prepaid expenses from related parties	22	97.186	-
- Prepaid expenses from third parties		67.775	21.145
Current tax assets	14	4.694	141.995
Other current assets		72.189	82.854
- Other current assets from third parties	14	72.189	82.854
Total current assets		2.173.979	2.091.193
Non-current assets			
Financial investments	5	1.491	1.523
Property, plant and equipment	10	913.567	921.599
Right of use assets	6	193.121	178.658
Intangible assets	11	93.549	103.501
Prepaid expenses	14	26.765	19.324
Deferred tax assets	20	39.096	-
Total non-current assets		1.267.589	1.224.605
Total assets		3.441.568	3.315.798

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 FINANCIAL POSITION
AS AT JUNE 30, 2025**

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

	Notes	Reviewed 30 June 2025	Audited 31 December 2024
Liabilities			
Current liabilities			
Current borrowings		877.988	455.120
-Current borrowings from third parties		877.988	455.120
- Bank loans	6	301.367	455.120
- Issued debt instruments	6	576.621	-
Current portion of long-term borrowings		123.257	129.697
-Current portion of long-term borrowings from third parties	6	123.257	129.697
- Bank loans		82.796	32.634
- Lease liabilities		5.975	55.137
- Issued debt instruments		34.486	41.926
Trade payables		213.189	155.134
- Trade payables to related parties	22	15.808	8.388
- Trade payables to third parties	7	197.381	146.746
Employee benefit obligations	8	52.811	126.153
Other payables		151.706	4.467
- Other payables to related parties	22	150.026	-
- Other payables to third parties	8	1.680	4.467
Derivative instruments	24.1	-	655
Deferred income	14	27.488	71.233
Current provisions		14.742	22.186
- Provisions for employment benefits	13	9.483	16.057
- Other current provisions	12	5.259	6.129
Total current liabilities		1.461.181	964.645
Non-current liabilities			
Non-current borrowings		574.669	590.819
- Non-current borrowings from third parties	6	574.669	590.819
-Bank loans		170.000	198.346
-Issued debt instruments		250.000	291.685
- Lease liabilities		154.669	100.788
Employee benefit obligations	8	1.735	2.701
Non-current provisions		37.446	38.970
- Provisions for employment benefits	13	37.446	38.970
Deferred tax liability	20	-	27.955
Total non-current liabilities		613.850	660.445
Equity			
Issued Capital	15	259.875	259.875
Inflation Adjustment on Capital	15	413.472	413.472
Other comprehensive income/(expenses) that will not be reclassified to profit or loss		(22.358)	(17.482)
- Losses on remeasurement of defined benefit obligations		(22.358)	(17.482)
Other comprehensive income/(expenses) that will be reclassified to profit or loss		14.250	14.547
- Gains/(loss) on hedge		14.250	14.547
Restricted reserves appropriated from profits	15	348.373	351.582
Prior years' profits/(losses)	15	517.514	646.961
Net profit/(loss) for the period		(164.589)	21.753
Total equity		1.336.537	1.690.708
Total liabilities		3.441.568	3.315.798

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

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

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

AS AT JUNE 30, 2025

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

		Reviewed 1 January - 30-June-25	Reviewed 1 January - 30-June-24	Not Reviewed 1 April - 30-June-25	Not Reviewed 1 April- 30-June-24
Profit or loss	Notes				
Revenue	16	958.610	1.730.157	664.850	758.830
Cost of sales (-)	16	(545.168)	(766.976)	(364.566)	(353.772)
Gross profit / (loss)		413.442	963.181	300.284	405.058
General administrative expenses (-)		(230.159)	(261.073)	(96.463)	(142.109)
Marketing expenses (-)		(284.666)	(321.653)	(121.593)	(142.411)
Research and development cost (-)		(7.877)	(8.522)	(2.547)	(4.070)
Other income from operating activities	17	11.505	15.675	8.427	624
Other expenses from operating activities (-)	17	(8.153)	(17.905)	(2.914)	46.612
Operating profit / (loss)		(105.908)	369.703	85.194	163.704
Investment activity income	18	65	631	45	20.148
Investment activity expenses (-)	18	(1.471)	(63.677)	(1.471)	(56.873)
Operating profit / (loss) before financing income / (expenses)		(107.314)	306.657	83.768	107.374
Finance income	19	77.029	256.554	28.998	126.499
Finance expenses (-)	19	(296.053)	(401.975)	(154.026)	(179.150)
Monetary gain / (loss)	25	96.419	89.235	42.239	24.633
Profit / (loss) before tax from continuing operations		(229.919)	250.471	979	79.356
Tax expense from continuing operations		65.330	(49.322)	47.218	(6.267)
- Current period tax expense	20	-	(60.942)	-	(7.635)
- Deferred tax income / (expense)	20	65.330	11.620	47.218	1.368
Net profit / (loss)		(164.589)	201.149	48.197	73.089
Earnings / (loss) per share (Full TRL)	21	(0,6333)	8,5142	0,1855	3,0937

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

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

		Reviewed 1 January - 30-June-25	Reviewed 1 January - 30-June-24	Not Reviewed 1 April - 30-June-25	Not Reviewed 1 April - 30-June-24
	Notes				
Net profit / (loss) for the year		(164.589)	201.149	48.197	73.089
Other comprehensive expenses that will not be reclassified to profit or loss		(4.876)	9.610	(1.354)	(2.545)
- Gains / (losses) on remeasurements of defined benefit plans	13	(6.501)	12.814	(1.806)	(3.392)
Other comprehensive expenses that will not be reclassified to profit or loss, tax effect		1.625	(3.204)	452	847
- Deferred tax (expense) / income		1.625	(3.204)	452	847
Other comprehensive expenses that will be reclassified to profit or loss		(297)	216	(1.797)	(1.966)
- Other comprehensive income / (expense) on cash flow hedge		(396)	288	(2.396)	(2.621)
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect		99	(72)	599	655
- Deferred tax income /(expense)		99	(72)	600	655
Other comprehensive income / (expense)		(5.173)	9.826	(3.151)	(4.511)
Total comprehensive income / (expense)		(169.762)	210.975	45.046	68.578

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

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

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

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

			Other comprehensive income / (loss) that will not be reclassified in profit or loss	Other comprehensive income / (loss) that will be reclassified in profit or loss			Accumulated profits		
	Issued capital	Inflation adjustment on capital	Defined benefit plans revaluation and measurement gains / (losses)	Currency translation differences	Gains / (losses) on hedge	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Total equity
Balances as of 1 January 2024	23.625	649.725	(23.328)	(6.634)	16.462	332.608	144.374	734.399	1.871.231
Liquidation effect	-	-	-	6.634	-	-	-	-	6.634
Transfers	-	-	-	-	-	516	733.883	(734.399)	-
Dividends	-	-	-	-	-	-	(212.833)	-	(212.833)
Total comprehensive income / (loss)	-	-	9.610	-	216	-	-	201.149	210.975
Balances as of 30 June 2024	23.625	649.725	(13.718)	-	16.678	333.124	665.424	201.149	1.876.007
Balances as of 1 January 2025	259.875	413.472	(17.482)	-	14.547	351.582	646.961	21.753	1.690.708
Transfers	-	-	-	-	-	(3.209)	24.962	(21.753)	-
Dividends	-	-	-	-	-	-	(154.409)	-	(154.409)
Total comprehensive income / (loss)	-	-	(4.876)	-	(297)	-	-	(164.589)	(169.762)
Balances as of 30 June 2025	259.875	413.472	(22.358)	-	14.250	348.373	517.514	(164.589)	1.366.537

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

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

	Notes	Reviewed January 1- June 30, 2025	Reviewed January 1- June 30, 2024
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		(772.849)	(596.907)
Net profit / (loss) for the period		(164.589)	201.149
Adjustments to reconcile net profit / (loss) for the period		186.266	256.390
Adjustments for depreciation and amortization expense	6,10,11	90.207	105.591
Adjustments for impairment loss / (reversal)		1.259	946
- <i>Adjustments for impairment / (reversal) of receivables</i>	7	1.259	946
Adjustments for provisions		13.673	60.878
- <i>Adjustments for provisions / (reversal) for employee benefits</i>	13	13.673	58.649
- <i>Adjustments for provisions / (reversal) for lawsuit</i>	12	-	2.229
Adjustments for interest income / (expenses)		257.642	180.826
- <i>Adjustments for interest income</i>	19	(32.411)	(182.235)
- <i>Adjustments for interest expenses</i>	19	290.053	363.482
- <i>Rediscount on interest loss</i>	16	-	(421)
Adjustments for fair value gain / (loss)		(2.269)	(4.201)
Adjustments for tax income / (loss)	20	(65.330)	49.322
Adjustments for gain / (loss) on sale of tangible and intangible assets		1.406	(105)
Monetary gain / loss		(110.322)	(136.867)
Changes in working capital		(875.634)	(749.905)
Adjustments for increase / (decrease) in trade receivables		(530.968)	(826.611)
Adjustments for increase / (decrease) in other receivables		(1.765)	8.133
Adjustments for increase / (decrease) in inventory		(172.808)	(98.771)
Adjustments for increase / (decrease) in prepaid expenses		(151.257)	(118.645)
Adjustments for increase / (decrease) in trade payables		58.055	(2.870)
Adjustments for increase / (decrease) in employee benefit obligations		(74.308)	(43.094)
Adjustments for increase / (decrease) in other payables from operations		(2.787)	25.066
Increase / (decrease) in deferred income (other than obligations arising from customer contracts)		(43.745)	(103.462)
Adjustments for other increase / (decrease) in working capital		43.949	410.349
- <i>Increase / (decrease) in other operating assets</i>		72.781	410.481
- <i>Increase / (decrease) in other operating liabilities</i>		(28.832)	(132)
Cash flows from (used in) operating activities		(853.957)	(292.366)
Payments related with provisions for employee benefits	13	(21.892)	(8.326)
Income taxes (paid) return		103.000	(296.215)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(37.834)	(27.040)
Cash inflows arising from sale of tangible and intangible assets	10	65	1.202
Cash outflows arising from purchase of tangible and intangible assets	10	(37.899)	(28.242)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		270.803	(336.573)
Proceeds from borrowings	6	827.025	318.979
Repayments of borrowings	6	(321.173)	(372.042)
Repayment of lease liabilities		(42.240)	(37.404)
Interest paid	6	(225.050)	(312.638)
Interest received		32.241	181.279
Other cash inflows (outflows)		-	(114.747)
EFFECT OF MONETARY GAIN/ (LOSS) ON CASH AND CASH EQUIVALENTS		(76.681)	(237.794)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(616.561)	(1.198.314)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	768.317	1.317.381
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	151.756	119.067

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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT JUNE 30, 2025**

(Amounts expressed in thousands of Turkish Lira (“TRL”) in terms of the purchasing power of the TRL at June 30, 2025 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.

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 June , 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 June 2025		31 December 2024	
	(%)	TRL	(%)	TRL
AG Anadolu Grubu Holding A.Ş.	56,89	147.831	56,89	147.831
Faber-Castell Aktiengesellschaft	15,40	40.017	15,40	40.017
Shares publicly held	27,71	72.027	27,71	72.027
		259.875		259.875

The average number of employees of the Company as at 30 June 2025 is 327 (31 December 2024:371).

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**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
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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 June 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 2025 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.

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 interim condensed financial statements should be read in conjunction with the audited financial statements and the accompanying notes as of December 31, 2024.

The financial statements of the Company as of June 30, 2025 were approved by the Board of Directors of the Company on August 11, 2025. 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 June 30, 2025 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 2025 in terms of the purchasing power of that currency as of 30 June 2025.

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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ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT JUNE 30, 2025**

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

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 June 30, 2025, 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 June 2025	3.132,17	1,00000	%220
31 December 2024	2.684,55	1,16674	%291
30 June 2024	2.319,29	1,35049	%324

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/IFRS to the legal records prepared on the historical cost basis.

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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 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 June 2025 with the financial position statement prepared as of 31 December 2024; The profit or loss statement for the period 1 January- 30 June 2025, the profit or loss statement for the 1 January- 30 June 2024 accounting period, and the other comprehensive income statement for the 1 January- 30 June 2025 accounting period, the 1 January- 30 June 2024 accounting period, other comprehensive income statement, cash flow statement for the accounting period 1 January- 30 June 2025 and statements of changes in shareholders' equity are prepared comparatively with the related financial statements for the accounting period 1 January – 30 June 2024.

The amount of TRL19.606 shown under “Profit on sale of funds” in “Investment activity income” in the income statement dated June 30, 2024 has been classified under “Profit on sale of funds” in “Finance income.”

2.2 New and revised Turkish financial reporting standards

Disclosures regarding the impacts of the new IFRS/TFRS on the financial statements:

a) Standards, amendments, and interpretations applicable as of 30 June 2025:

- **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.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2025:

- **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;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

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

2.2 New and revised Turkish financial reporting standards (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2025 (Continued):

- 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).
- **Annual improvements to IFRS – Volume 11;** effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.
- **Amendment to TFRS 9 and TFRS 7 - Contracts Referencing Nature-dependent Electricity;** effective from annual periods beginning on or after 1 January 2026 but can be early adopted subject to local endorsement where required. These amendments change the 'own use' and hedge accounting requirements of TFRS 9 and include targeted disclosure requirements to TFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.
- **TFRS 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 TFRS 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.

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

2.2 New and revised Turkish financial reporting standards (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2025 (Continued):

- **TFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. This new standard works alongside other TFRS Accounting Standards. An eligible subsidiary applies the requirements in other TFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in TFRS 19. TFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. TFRS 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 consolidated financial statements available for public use that comply with IFRS Accounting Standards.
- **TFRS 17, Insurance Contracts;** effective from annual periods beginning on or after 1 January 2026. This standard replaces TFRS 4, which previously permitted a wide range of accounting practices. TFRS 17 will fundamentally change to the accounting practices of all entities issuing insurance contracts and investment contracts with discretionary participation features.

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.

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 June 30, 2025, there have been no changes and errors in accounting estimates.

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

2.4 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.

2.5 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.

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.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Time deposit	150.777	41.096
Demand deposit	397	190
Other cash and equivalents	582	727.031
Cash and cash equivalents in the statement of cash flows	151.756	768.317
Interest income accruals	170	956
	151.926	769.273

The Company has no blocked deposits as of 30 June 2025 (31 December 2024: None).

NOTE 5 – FINANCIAL INVESTMENTS

	30 June 2025		31 December 2024	
	%	TRL	%	TRL
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	7,67	105	7,67	105
Other long-term investments (*)	-	1.386	-	1.418
		1.491		1.523

(*) 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 – BORROWINGS AND RIGHT OF USE ASSETS

30 June 2025	Interest rate %	Balance
Short term borrowings		
TRL loans	23,47- 48,00	301.367
Issued debt instruments (*)	TLref + %1	576.621
		877.988

(*) The Company will sell to qualified investors without public offering debt instruments worth TRL500,000 with a maturity of 364 days, carrying a variable interest rate of 100 basis points linked to the BIST TLREF index, with two coupon payments and redemption dated 13 March 2026.

As of 30 June 2025, 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 6 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

30 June 2025	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term lease liabilities		5.975
Short-term portions of long term loans	TLref + %1	82.796
Short-term portions of long-term debt instruments	TLref + %1	34.486
		123.257

As of 30 June 2025, 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.

30 June 2025	Interest rate %	Balance
Long term borrowings		
TRL loans	TLref + %1	170.000
Issued debt instruments (*)	TLref + %1	250.000
Long-term lease liabilities		154.669
		574.669

(*) The Company has debt instruments amounting to TRL250,000, with a maturity of 730 days, carrying a variable interest rate of 100 basis points linked to the BIST TLREF index, with four coupon payments, and redemption dated 24 September 2026. These instruments are offered domestically to qualified investors without a public offering.

31 December 2024	Interest rate %	Balance
Long term borrowings		
TRL loans	48,00 - 54,00	455.120
		455.120

As of 31 December 2024, the interest accrual calculated for the short-term loans of the Company has been classified under the related short-term bank loans.

31 December 2024	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term lease liabilities		55.137
Short-term portions of long-term loans	TLref + %1	32.634
Short-term portions of long-term issued debt instruments	TLref + %1	41.926
		129.697

As of December 31, 2024, the accrued interest related to the current portions of long-term borrowings has been classified within the current portions of the respective long-term borrowings.

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NOTE 6 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

31 December 2024	Interest rate %	Balance
Long term borrowings		
TRL loans	TLref + %1	198.346
Issued debt instruments	TLref + %1	291.685
Long-term lease liabilities		100.788
		590.819

As of 30 June 2025, and 31 December 2024, the maturity details of the Company's long-term loans and financial lease borrowings are given below.

30 June 2025	Total liabilities
1-2 years	574.669
	574.669
31 December 2024	Total Liabilities
1-2 years	590.819
	590.819

The movement of financial borrowings is as follows:

	2025	2024
1 January	1.019.711	1.688.330
Cash inflows from borrowings	827.025	318.979
Cash outflows related to debt payments	(321.173)	(372.042)
Interest expense	266.337	348.513
Interest paid	(225.050)	(312.638)
Monetary (gain)/loss	(151.580)	(325.268)
30 June	1.415.270	1.345.874

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NOTE 6 – BORROWINGS AND RIGHT OF USE ASSETS (Continued)

The movement of lease liabilities is as follows:

	2025	2024
1 January	155.925	186.047
Cash inflows from borrowings	-	148.840
Cash outflows related to lease payments for the period	(42.240)	(37.404)
Interest expense	23.717	14.970
Changes in contracts	50.258	-
Monetary (gain)/loss	(27.016)	(109.073)
30 June	160.644	203.380

The movement of the Company's right of use assets as of June 30, 2025 and June 30, 2024 is presented below.

Right of use assets	Vehicles	Buildings	Total
As of 1 January 2024,	37.550	141.108	178.658
Changes in contracts	-	50.258	50.258
Current depreciation expense ^(*)	(14.788)	(21.007)	(35.795)
As of 30 June 2025	22.762	170.359	193.121

(*) 155 TRL of depreciation expenses is included in the cost of goods sold, 7.921 TRL is included in general administrative expenses and 27.719 TRL is included in marketing, selling and distribution expenses.

Right of use assets	Vehicles	Buildings	Total
As of 1 January 2023,	47.128	179.915	227.043
Additions	-	148.840	148.840
Diposals	(2.663)	(145.263)	(147.926)
Current depreciation expense ^(*)	(13.924)	(30.506)	(44.430)
As of 30 June 2024	30.541	152.986	183.527

(*) TRL 269 of depreciation expenses is included in the cost of goods sold, TRL 4.374 is included in general administrative expenses and TRL 39.787 is included in marketing, selling and distribution expenses.

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NOTE 7 – TRADE RECEIVABLES AND PAYABLES

Trade Receivables	30 June 2025	31 December 2024
Trade receivables from related parties (Note 22)	43.940	49.870
Trade receivables from third parties	638.853	103.213
	682.793	153.083

Trade receivables from third parties	30 June 2025	31 December 2024
Cheques and notes receivables	4.090	1.836
Trade receivables	643.574	110.083
Less: Provisions for doubtful trade receivables (-)	(8.811)	(8.706)
	638.853	103.213

As of 30 June 2025, and 2024, the movement for doubtful trade receivables is as follows:

	2025	2024
1 January	8.706	10.745
Provision provided during the period	1.759	946
Reversal of impairment losses	(500)	-
Inflation correction differences	(1.154)	(2.150)
30 June	8.811	9.541

Trade payables	30 June 2025	31 December 2024
Trade payables to related parties (Note 22)	15.808	8.388
Trade payables to third parties	197.381	146.746
	213.189	155.134

Trade payables to third parties	30 June 2025	31 December 2024
Suppliers	197.291	139.571
Other trade payables	90	7.175
	197.381	146.746

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NOTE 8 – OTHER RECEIVABLES AND PAYABLES

Other receivables	30 June 2025	31 December 2024
Other receivables from third parties	3.544	1.779
	3.544	1.779
Other receivables from third parties	30 June 2025	31 December 2024
Receivables from employees	605	1.161
Deposits and guarantees given	332	409
Other miscellaneous receivables	2.607	209
	3.544	1.779
Other payables	30 June 2025	31 December 2024
Other payables to related parties (Note 22)	150.026	-
Other payables to third parties	1.680	4.467
	151.706	4.467
Other payables to third parties	30 June 2025	31 December 2024
Taxes, fees and deductions payables	889	3.678
Other	791	789
	1.680	4.467
Employee benefit liabilities	30 June 2025	31 December 2024
Due to employees	31.924	72.972
Social security premiums payable	10.855	10.906
Taxes, fees and deductions payables	10.032	42.275
	52.811	126.153
Other long-term employee benefit liabilities	30 June 2025	31 December 2024
Due to employees	1.735	2.701
	1.735	2.701

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NOTE 9 – INVENTORIES

	30 June 2025	31 December 2024
Raw materials	296.723	245.420
Semi-finished goods	132.911	118.856
Finished goods	356.005	311.348
Trade goods	324.726	261.410
Other inventories	12.859	13.382
Impairment of inventories (*)	(29.352)	(29.352)
	1.093.872	921.064

(*) As of 30 June 2025 and 2024, the movement table for the provision for inventory impairment, as a result of the assessment of the recoverability of inventories, is as follows:

	2025	2024
1 January	29.352	27.553
Provisions no longer required	-	-
31 December	29.352	27.553

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Fixtures	Construction in progress	Special Costs	Total
As of 1 January 2025,									
Cost	50.574	23.960	790.250	1.103.302	17.679	300.314	30.696	5.331	2.322.106
Accumulated depreciation	-	(22.014)	(162.914)	(926.431)	(17.649)	(267.445)	-	(4.054)	(1.400.507)
Net book value	50.574	1.946	627.336	176.871	30	32.869	30.696	1.277	921.599
Opening balance	50.574	1.946	627.336	176.871	30	32.869	30.696	1.277	921.599
Additions	-	-	-	1.492	-	2.017	28.639	-	32.148
Disposals cost	-	-	-	(20.444)	-	(41.889)	-	-	(62.333)
Disposals accumulated depreciation	-	-	-	20.444	-	41.889	-	-	62.333
Transfers	-	-	-	-	-	-	(2.998)	-	(2.998)
Depreciation (*)	-	(163)	(8.784)	(22.510)	(10)	(5.514)	-	(201)	(37.182)
Closing balance	50.574	1.783	618.552	155.853	20	29.372	56.337	1.076	913.567
As of 30 June 2025,									
Cost	50.574	23.960	790.250	1.084.350	17.679	260.442	56.337	5.331	2.288.923
Accumulated depreciation	-	(22.177)	(171.698)	(928.497)	(17.659)	(231.070)	-	(4.255)	(1.375.356)
Net book value	50.574	1.783	618.552	155.853	20	29.372	56.337	1.076	913.567

(*) 28.928 TRL of depreciation expenses is included in the cost of goods sold, 1.416 TRL is included in general administrative expenses, 1.543 TRL is included in research and development expenses, and 5.295 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	Fixtures	Construction in progress	Special Costs	Total
As of 1 January 2024,									
Cost	50.574	23.960	787.891	1.089.763	17.679	295.093	-	6.097	2.271.057
Accumulated depreciation	-	(21.685)	(143.906)	(885.438)	(17.636)	(261.288)	-	(2.496)	(1.332.449)
Net book value	50.574	2.275	643.985	204.325	43	33.805	-	3.601	938.608
Opening balance	50.574	2.275	643.985	204.325	43	33.805	-	3.601	938.608
Additions	-	-	-	4.708	-	4.848	18.436	-	27.992
Disposals cost	-	-	-	(893)	-	(4.949)	-	(30)	(5.872)
Disposals accumulated depreciation	-	-	-	534	-	4.241	-	-	4.775
Depreciation (*)	-	(153)	(10.241)	(20.144)	-	(6.680)	-	(1.677)	(38.895)
Closing balance	50.574	2.122	633.744	188.530	43	31.265	18.436	1.894	926.608
As of 30 June 2024,									
Cost	50.574	23.960	787.891	1.093.578	17.679	294.992	18.436	6.067	2.293.177
Accumulated depreciation	-	(21.838)	(154.147)	(905.048)	(17.636)	(263.727)	-	(4.173)	(1.366.569)
Net book value	50.574	2.122	633.744	188.530	43	31.265	18.436	1.894	926.608

(*) 29.608 TRL of depreciation expenses is included in the cost of goods sold, 2.278 TRL is included in general administrative expenses, 735 TRL is included in research and development expenses, and 6.274 TRL is included in marketing, sales and distribution expenses.

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT JUNE 30, 2025

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

NOTE 11 – INTANGIBLE ASSETS

Intangible assets include computer software, rights and development costs.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2025,					
Cost	3.744	102.443	278.313	23.852	408.352
Accumulated amortization	(3.494)	(36.060)	(241.457)	(23.840)	(304.851)
Net book value	250	66.383	36.856	12	103.501
Opening balance	250	66.383	36.856	12	103.501
Additions	-	4.107	-	173	4.280
Transfers	-	2.998	-	-	2.998
Depreciation (*)	-	(9.932)	(7.240)	(58)	(17.230)
Closing balance	250	63.556	29.616	127	93.549
As of 30 June 2025,					
Cost	3.744	109.548	278.313	24.025	415.630
Accumulated amortization	(3.494)	(45.992)	(248.697)	(23.898)	(322.081)
Net book value	250	63.556	29.616	127	93.549

(*) For the current period, 10.230 TRL of amortization is included in the cost of goods sold, 1.314 TRL is included in the cost of general administrative expenses, 3.190 TRL is included in the cost of research and development expenses, and 2.496 TRL is included in the cost of marketing, sales and distribution expenses.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2024,					
Cost	3.744	100.534	267.271	22.083	393.632
Accumulated amortizations	(3.292)	(15.921)	(223.223)	(18.123)	(260.559)
Net book value	452	84.613	44.048	3.960	133.073
Opening balance	452	84.613	44.048	3.960	133.073
Additions	(1)	-	275	-	274
Depreciation (*)	(105)	(10.174)	(9.259)	(2.728)	(22.266)
Closing balance	346	74.439	35.064	1.232	111.081
As of 30 June 2024,					
Cost	3.743	100.534	267.546	22.083	393.906
Accumulated amortizations	(3.397)	(26.095)	(232.482)	(20.851)	(282.825)
Net book value	346	74.439	35.064	1.232	111.081

(*) For the current period, TRL 6.621 of amortization is included in the cost of goods sold, TRL 1.101 is included in the cost of general administrative expenses, TRL 3.821 is included in the cost of research and development expenses, and TRL 10.723 is included in the cost of marketing, sales and distribution expenses.

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2025	31 December 2024
Provisions for lawsuits	5.259	6.129
	5.259	6.129

The Company's 15 employees have filed 15 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 5.259 has been set aside as a result of the evaluations of the lawyers in relation to the related lawsuits.

	2025	2024
As of 1 January	6.129	315
Provision allocated during the period	-	2.229
Inflation difference	(870)	(132)
As of 30 June	5.259	2.412

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 June 2025. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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.

Due to the Company’s inability to collect a receivable of TRL495 arising from an advance payment relationship with its supplier, a legal follow-up has been initiated under file number 2024/25778 at the Gebze Enforcement Office, and a provision has been recognized for the related amount. The main enforcement proceeding has commenced, and investigations have been conducted to identify assets registered under the debtor’s name. No assets have been found registered under the debtor. Efforts to collect the receivable are ongoing.

These proceedings are not expected to have a material impact on the Company’s operating results, financial position, or liquidity.

<i>Deposits and guarantees given</i>	30 June 2025	31 December 2024
Letters of guarantee	71.222	18.865
Letters of credit	-	45.038

As of 30 June 2025, and 31 December 2024, the tables regarding the Company's collateral/pledge/mortgage (“CPM”) position are as follows:

30 June 2025

Letters 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	71.222	71.222
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	-	-
	71.222	71.222

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

31 December 2024

Letters 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	18.865	18.865
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	-	-
Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-
C. Total amount of other GPM's	-	-
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	-	-
	18.865	18.865

The ratio of other CPMs given by the company to the equity of the Company is 0% as of 30 June 2025 (31 December 2024: 0%).

NOTE 13 – EMPLOYEE BENEFITS

Short term employee benefits	30 June 2025	31 December 2024
Premium accruals	-	13.292
Provisions for unused vacations	9.483	2.765
	9.483	16.057
Long term employee benefits	30 June 2025	31 December 2024
Provisions for employee termination benefits	37.446	38.970
	37.446	38.970

The movement table of unused vacation accruals as of 30 June 2025 and 2024 is as follows:

	2025	2024
As of 1 January,	2.765	4.339
Additions	13.855	8.636
Charge for the period	(6.313)	(3.922)
Inflation difference	(824)	(861)
As of 30 June,	9.483	8.192

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NOTE 13 – EMPLOYEE BENEFITS (Continued)

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 2025, the severance pay to be paid is subject to a monthly ceiling of 53,919,68 full TRL (1 January 2025: 46,655,43 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 June 2025 and 31 December 2024 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	2025	2024
As of 1 January,	38.970	48.666
Service cost	13.110	17.181
Severance pay paid	(15.579)	(4.404)
Actuarial loss /(gain)	6.501	(12.814)
Inflation difference	(5.556)	(9.553)
As of 30 June,	37.446	39.076

	30 June 2025	31 December 2024
Discount rate (%)	2,58	2,58
Turnover rate used in retirement probability calculation (%)	92,64	92,82

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NOTE 14 – OTHER ASSETS AND LIABILITIES

Short-term prepaid expenses	30 June 2025	31 December 2024
Advances given	139.345	15.857
Prepaid expenses for the next months	25.616	5.288
	164.961	21.145
Current tax assets	30 June 2025	31 December 2024
Prepaid taxes and funds	4.694	141.995
	4.694	141.995
Other current assets	30 June 2025	31 December 2024
Deferred VAT	72.134	82.778
Other miscellaneous current assets	55	76
	72.189	82.854
Long-term prepaid expenses	30 June 2025	31 December 2024
Prepaid expenses for the next years	26.765	19.324
	26.765	19.324
Deferred income	30 June 2025	31 December 2024
Advances received	27.488	71.233
	27.488	71.233

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NOTE 15 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Equity

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

	30 June 2025		31 December 2024	
	% Share	Amount	% Share	Amount
AG Anadolu Grubu Holding A.Ş.	56,89	147.831	56,89	147.831
Faber - Castell Aktiengesellschaft	15,40	40.017	15,40	40.017
Shares publicly held	27,71	72.027	27,71	72.027
Paid in capital	100,00	259.875	100,00	259.875
Inflation adjustment on capital		413.472		413.472
Total capital		673.347		673.347

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 of the Company, amounting to TRL 40.017 are registered in the name of the holder and 219.857.649 shares, amounting to TRL 219.858 are bearer share certificates 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 June 2025	31 December 2024
Legal reserves	344.830	344.830
Real estate and subsidiary shares sales profit	1.703	4.912
R&D investment fund	1.840	1.840
	348.373	351.582

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NOTE 15 – 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 June 2025	31 December 2024
Other retained earnings /(loss)	300.262	393.483
Extraordinary reserves	217.252	253.478
	517.514	646.961

As of June 30, 2025 and 2024, the fund items included within equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows:

	30 June 2025		
	Statutory Amounts Indexed per PPI	Statutory Amounts Indexed per CPI	Amounts Presented in Prior Years' Profit
<i>Retained Earning</i>			
Inflation adjustments on capital	530.278	413.472	116.806
Restricted reserves	390.379	348.373	42.006

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.

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NOTE 16 – REVENUE AND COST OF SALES

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Domestic sales	1.374.392	2.498.343	957.096	1.129.535
Foreign sales	59.901	76.992	32.021	22.476
Sales discounts (-)	(475.683)	(845.178)	(324.267)	(393.181)
Net sales	958.610	1.730.157	664.850	758.830
Cost of sales (-)	(545.168)	(766.976)	(364.566)	(353.772)
Gross profit	413.442	963.181	300.284	405.058

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

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Direct material cost	144.149	227.517	73.448	121.449
Direct labor costs	140.847	147.794	68.630	72.767
General production expenses	55.520	66.565	23.326	30.548
Depreciation and amortization expenses	39.315	36.496	20.039	18.291
Change in semi-finished goods	(14.055)	(31.722)	(12.848)	7.525
Change in finished goods	(44.655)	(684)	37.033	(110.333)
Cost of products sold	321.121	445.966	209.628	140.247
Cost of goods sold	224.047	321.010	154.938	213.525
Cost of sales	545.168	766.976	364.566	353.772

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NOTE 17 – OTHER INCOME AND EXPENSES FROM xOPERATING ACTIVITIES

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Other operating income				
Foreign exchange income	9.643	9.913	6.761	3.503
Cancellation of provision for doubtful receivables (Note 7)	500	-	496	-
Other	1.362	5.762	1.170	(2.879)
	11.505	15.675	8.427	624
	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Other operating expenses				
Foreign exchange expenses	5.063	6.065	1.035	131
Provision for doubtful trade receivables (Note 7)	1.759	946	1.234	946
Donation expenses	62	2.500	-	2.500
Lawsuit provision expenses (Note 12)	-	2.229	-	2.229
Other	1.269	6.165	645	(52.418)
	8.153	17.905	2.914	(46.612)

NOTE 18 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Income from investment activities				
Proceeds from sale of property, plant and equipment	65	631	45	543
	65	631	45	543

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NOTE 18 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES (Continued)

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Expenses from investment activities				
Losses from sale of property, plant and equipment	1.471	524	1.471	349
Expense arising from cancellation of the rental agreement	-	56.524	-	56.524
Transfer of currency translation differences recognized in other comprehensive income in the prior period to income statement	-	6.629	-	-
	1.471	63.677	1.471	56.873

NOTE 19 – FINANCE INCOME AND EXPENSES

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Finance income				
Profit on sale of funds	35.805	19.606	904	19.606
Interest income	32.411	164.157	20.831	60.083
Foreign exchange income	8.813	54.714	7.263	39.472
Currency protected deposit income	-	17.895	-	7.453
Interest income from sublease receivables	-	182	-	(115)
	77.029	256.554	28.998	126.499

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Finance expenses				
Interest expenses	290.053	363.482	149.623	140.735
Foreign exchange expenses	6.000	38.493	4.403	38.415
	296.053	401.975	154.026	179.150

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NOTE 20- 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 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Current period provision for corporate tax (-)	-	(60.942)	-	(7.635)
Deferred tax income/(expense)	65.330	11.620	47.218	1.368
Total deferred tax income, expense (net)	65.330	(49.322)	47.218	(6.267)

The reconciliation of the period's tax expense with the profit for the period is as follows:

	30 June 2025	31 December 2024
Current period provision for corporate tax	-	-
Less: Prepaid corporate tax	4.694	141.995
Profit for the period tax (liability)/receivable, net	4.694	141.995

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 June 2024: 0 TRL)

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 June 2025, the Company has used R&D deduction exemption amounting to TRL 11.770 (30 June 2024: TRL 3.238) against statutory tax.

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NOTE 20- DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets are recognized when it is probable that taxable income will be available in future years. Deferred tax assets are calculated based on tax benefits earned from deductible temporary differences, financial losses, and investment deductions with unlimited life that allow for reduced corporate tax payments. In this context, the Company bases the recognition of deferred tax assets arising from investment incentives in its financial statements on long-term plans and evaluates the recoverability of deferred tax assets related to such investment deductions at each balance sheet date based on business models that include taxable profit forecasts. It is anticipated that the deferred tax assets will be recovered within five years from the balance sheet date.

In the sensitivity analysis conducted as of June 30, 2025, when the inputs in the macroeconomic and sectoral assumptions underlying the business plans were increased/decreased by 10%, there was no change in the five-year recovery periods projected for deferred tax assets related to investment incentives.

	Total temporary differences		Deferred tax	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Tangible and intangible assets	15.820	12.099	3.955	3.025
Provisions for employee termination benefits	37.703	36.240	9.426	9.060
Provisions for turnover and dealer premium	181.291	-	45.323	-
Financial loss carried forward	22.344	-	5.586	-
Research and development discount	47.080	-	11.770	-
Adjustments related to derivative instruments	2.887	(4.904)	722	(1.226)
Provision for doubtful receivables	5.733	5.626	1.433	1.407
Inventory, provision for impairment on inventory	(150.974)	(160.725)	(37.744)	(40.181)
Lawsuit provision	5.259	6.129	1.314	1.533
Provision for bulk consumption sales returns	4.536	-	1.134	-
Incentive premium accruals	-	13.347	-	3.337
Right of use assets transactions	(32.477)	(22.734)	(8.119)	(5.684)
Other adjustments	17.190	3.098	4.296	774
Deferred tax asset/(liability)	156.392	(111.824)	39.096	(27.955)
			2025	2024
As of 1 January			(27.955)	40.598
Deferred tax income			65.330	11.620
Effect of remeasurement of employee termination benefit recognized through other comprehensive income			1.622	(3.204)
Effect of remeasurement of derivative financial instruments recognized through other comprehensive income			99	(72)
30 June			39.096	48.942

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NOTE 21 – 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 June 2025	1 January - 30 June 2024
Profit /(loss) for the period	(164.589)	201.149
Average number of shares (TRL 1 nominal value weighted average number of shares)	259.875.000	23.625.000
Earnings per share /(loss) (TRL Full)	(0,6333)	8,5142

NOTE 22 – RELATED PARTY BALANCES AND TRANSACTIONS

a) Related Party Balances

	Receivables from related parties	
	30 June 2025	31 December 2024
Migros Ticaret A.Ş. ⁽²⁾	39.496	35.004
A.W. Faber-Castell Vertrieb GmbH ⁽²⁾	847	3.694
AEP Anadolu Etap Penkon Gıda ve İçecek ⁽²⁾	1.502	-
A.W.Faber Castell Peruana SA ⁽²⁾	800	2.228
Anadolu Sağlık Merkezi Hastanesi A.Ş. ⁽²⁾	-	7.875
Other	1.295	1.069
	43.940	49.870

	Payables to related parties	
	30 June 2025	31 December 2024
AEH Sigorta Acentalığı A.Ş. ⁽²⁾	4.527	20
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	10.273	7.804
Other	1.008	564
	15.808	8.388

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NOTE 22 – RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Other payables to related parties	30 June 2025	31 December 2024
Dividend payables to shareholders	150.026	-
	150.026	-
Prepaid expenses to related parties	30 June 2025	31 December 2024
A.W. Faber-Castell Vertrieb GmbH ⁽²⁾	64.514	-
A.W. Faber-Castell (Guangzhou) ⁽²⁾	29.582	-
A.W. Faber-Castell (M) ⁽²⁾	3.090	-
	97.186	-

- 1) Shareholders
2) Other companies managed by the shareholders

b) Related party transactions

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Purchases of goods				
A.W. Faber-Castell Vertrieb GmbH ⁽²⁾	54.205	65.454	52.800	61.137
A.W. Faber-Castell (Guangzhou) Stationery Co. Ltd ⁽²⁾	33.371	76.712	33.371	76.712
A.W. Faber Castell (M) Sdn.Bhd ⁽²⁾	63.697	71.647	51.755	71.647
P.T.A.W.Faber Castell Ind. ⁽²⁾	2.569	22.432	-	15.260
Other	2.243	2.841	2.243	2.841
	156.085	239.086	140.169	227.597
Sales of goods				
Migros Ticaret A.Ş. ⁽²⁾	36.811	30.354	11.528	30.266
A.W. Faber-Castell Vertrieb GmbH ⁽²⁾	8.132	8.980	8.132	6.231
Other	1.321	1.448	946	401
	46.264	40.782	20.606	36.898
Services received				
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	38.359	33.329	18.994	16.102
Anadolu Efes Spor Kulübü ⁽²⁾	-	7.246	-	7.246
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ⁽²⁾	4.286	-	4.286	-
Other	482	9	380	(9)
	43.127	40.584	23.660	23.339

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NOTE 22 – RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Services given				
A.W. Faber-Castell Vertrieb Gmbh. ⁽²⁾	5.424	-	5.424	-
AEP Anadolu Etap Penkon A.Ş. ⁽²⁾	8.435	8.363	3.275	3.859
Anadolu Kaskasya Enerji Yatırımları A.Ş. ⁽²⁾	2.266	2.101	1.153	976
Coca Cola Satış ve Dağ. ⁽²⁾	198	546	198	546
Other	3.984	639	3.920	261
	20.307	11.649	13.970	5.642

- 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:

	2025	2024
Short term employee benefits	65.815	57.927
Other long-term benefits	7.172	3.800
Post-employment benefits	5.684	-
Benefits provided due to retirement benefits	1.712	-
	80.383	61.727

NOTE 23 – 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.

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**NOTE 23 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

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 June 30, 2025 and December 31, 2024, net debt / (equity + net debt) ratio is as follows;

	30 June 2025	31 December 2024
Total borrowings	1.415.270	1.175.635
Less: Cash and cash equivalents	(151.926)	(769.273)
Net debt	1.263.344	406.362
Total equity	1.366.537	1.690.708
Total equity + net debt	2.629.881	2.097.070
Net debt / (total equity+net debt) ratio	%48	%19

(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.

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**NOTE 23 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

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

	30 June 2025	31 December 2024
Assets	151.267	77.025
Liabilities	(29.046)	(20.958)
Net balance sheet foreign currency position	122.221	56.067

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

	Appreciation of foreign currency	Depreciation Foreign currency
Profit/Loss 30 June 2024		
If the US Dollar changes 20% +/- against TRL:		
1- USD net asset/liability	19.075	(19.075)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	19.075	(19.075)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	5.369	(5.369)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	5.369	(5.369)
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)	-	-
	24.444	(24.444)

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**NOTE 23 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

	Appreciation of foreign currency	Depreciation Foreign currency
Profit/(Loss) 31 December 2024		
If the US Dollar changes 20% +/- against TRL:		
1- USD net asset/liability	10.701	(10.701)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	10.701	(10.701)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	512	(512)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	512	(512)
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)	-	-
	11.213	(11.213)

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

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NOTE 23 – 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 June 2025				31 December 2024			
	TRL equivalent	USD	Avro	Other	TRL equivalent	USD	Avro	Other
1. Trade receivables	53.911	1.288	58	-	17.557	285	136	-
2a. Monetary financial assets	22	1	-	-	41.096	1.000	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	97.334	1.704	636	-	18.372	432	15	-
4. Total current assets (1+2+3)	151.267	2.993	694	-	77.025	1.717	151	-
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)	151.267	2.993	694	-	77.025	1.717	151	-
10. Trade payables	29.046	592	118	-	16.946	319	90	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	4.012	96	1	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	29.046	592	118	-	20.958	415	91	-
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)	29.046	592	118	-	20.958	415	91	-
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	164.385	4.000	-	-
19a. Total asset amount hedged	-	-	-	-	164.385	4.000	-	-
19b. Total liabilities amount hedged	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	122.221	2.401	576	-	220.452	5.302	60	-
21. Monetary items net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)	122.221	2.401	576	-	56.067	1.302	60	-
22. Exports	59.901	1.089	346	-	146.996	2.191	696	6.680
23. Imports	318.079	6.235	1.622	4.764	535.048	10.419	3.349	95
%20 increase	-	19.075	5.369	-	-	9.172	439	-

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**NOTE 23 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(d) Interest rate risk and management

As of 30 June 2025, the Company does not have any floating rate borrowings. (31 December 2024: 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 52% 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 94% 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.

The maturity distribution of the Company's derivative and non-derivative financial liabilities in Turkish Lira (TRL) is presented below.

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NOTE 24 – FINANCIAL INSTRUMENTS

25.1 Fair value

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

Fair Value Measurements

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

	30 June 2025	Level 1	Level 2	Level 3
Derivative financial liabilities	-	-	-	-

	31 December 2024	Level 1	Level 2	Level 3
Derivative financial liabilities	655	-	655	-

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 June 30, 2025, the Company has a forward transaction. (31 December 2024: Nominal value of TRL 164.385 amounting to USD 4.000.000).

As of 30 June 2025, the Company has allocated USD 555 equivalent of TRL 22 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 2024: USD 1.000.000 equivalent of TRL 48.644)

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.

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NOTE 24 – FINANCIAL INSTRUMENTS (Continued)

25.2 Derivative financial instruments and hedging transactions (Continued)

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.

	Contract Amount	2025 <u>Fair Value</u>		Contract Amount	2024 <u>Fair Value</u>	
		Assets	Liabilities		Assets	Liabilities
For hedging purposes:						
Forward transactions	-	-	-	164.385	-	655
	-	-	-	164.385	-	655
Short term	-	-	-	164.385	-	655
	-	-	-	164.385	-	655

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.

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NOTE 24 – FINANCIAL INSTRUMENTS (Continued)

25.2 Derivative financial instruments and hedging transactions (Continued)

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.

30 June 2025	Note	Fair value differences reflected in other comprehensive income	Financial assets shown at amortized cost	Financial liabilities shown at amortized value	Book value	Fair value
<u>Financial assets</u>						
Cash and cash equivalents	4	-	151.926	-	151.926	151.926
Trade receivables from third parties	7	-	638.853	-	638.853	638.853
Receivables from related parties	22	-	43.940	-	43.940	43.940
Derivative instruments						
Other financial assets	5	-	1.491	-	1.491	1.491
<u>Financial liabilities</u>						
Financial borrowings	6	-	-	1.415.270	1.415.270	1.415.270
Lease liabilities	6	-	-	160.644	160.644	160.644
Trade payables due to third parties	7	-	-	197.381	197.381	197.381
Payables due to related parties	22	-	-	15.808	15.808	15.808
Derivative instruments						
Other financial liabilities	8	-	-	151.706	151.706	151.706

31 December 2024	Note	Fair value differences reflected in other comprehensive income	Financial assets shown at amortized cost	Financial liabilities shown at amortized value	Book value	Fair value
<u>Financial assets</u>						
Cash and cash equivalents	4	-	769.273	-	769.273	769.273
Trade receivables from third parties	7	-	103.213	-	103.213	103.213
Receivables from related parties	22	-	49.870	-	49.870	49.870
Other financial assets	5	-	1.523	-	1.523	1.523
<u>Financial liabilities</u>						
Financial borrowings	6	-	-	1.019.711	1.019.711	1.019.711
Lease liabilities	6	-	-	155.925	155.925	155.925
Trade payables due to third parties	7	-	-	146.746	146.746	146.746
Payables due to related parties	22	-	-	8.388	8.388	8.388
Derivative instruments	24.1	-	-	655	655	655
Other financial liabilities	8	-	-	4.467	4.467	4.467

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NOTE 25 – DISCLOSURES ON NET MONETARY POSITION GAINS / (LOSSES)

Non-Monetary Items	30 June 2025	31 December 2024
Financial Position Statement Items		
Inventory	142.806	209.440
Prepaid expenses	4.449	5.391
Financial investments	15	21
Property, plant and equipment	131.269	185.067
Intangible assets	14.158	24.577
Right of use assets	32.205	36.300
Deferred income	(2.095)	(34.855)
Adjustment to share capital	(96.228)	(133.523)
Other comprehensive expenses that will not be reclassified to profit or loss	(5.612)	(6.468)
- Losses on remeasurement of defined benefit obligations	(5.612)	(6.468)
Other comprehensive income (expenses) that will be reclassified to profit to loss	(2.079)	(1.944)
- Currency translation differences	-	1.314
- Gains (loss) on hedge	(2.079)	(3.258)
Restricted reserves	(47.494)	(65.963)
Retained earnings	(93.933)	(164.000)
Profit or Loss Statement Items		
Revenue	(25.834)	(96.851)
Cost of sales (-)	14.419	43.107
Research and development expenses (-)	(467)	549
General administrative expenses (-)	8.024	17.245
Marketing expenses (-)	9.671	38.077
Other income from operating activities	(349)	(903)
Other expenses from operating activities (-)	355	590
Income from investment activities (-)	(3.059)	(147)
Finance income	(1.334)	(17.346)
Finance expenses (-)	13.157	27.381
Current period tax expense	-	5.618
Deferred tax income	(3.995)	8.050
Other Comprehensive Income Statement Items		
Other comprehensive income (expenses) that will not be reclassified	8.370	9.822
NET MONETARY POSITION GAINS/(LOSSES)	96.419	89.235

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

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
30 JUNE 2024**

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

NOTE 26 – EVENTS AFTER THE REPORTING PERIOD

None.

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