

ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AND NOTES FOR THE
31 MARCH 2025
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
FINANCIAL STATEMENTS AS OF 31 MARCH 2025 AND 31 DECEMBER 2024**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

	Notes	Unaudited 31 March 2025	Audited 31 December 2024
Assets			
Current assets			
Cash and cash equivalences	4	475.773	725.684
Trade receivables		177.273	144.409
- Trade receivables from related parties	22	81.100	47.044
- Trade receivables from third parties	7	96.173	97.365
Other receivables		1.178	1.678
- Other receivables from third parties	8	1.178	1.678
Derivative Instruments	24.2	1.766	-
Inventories	9	958.052	868.875
Prepaid expenses	14	74.547	19.947
Current tax assets	14	123.332	133.949
Other current assets		88.203	78.159
- Other current assets from third parties	14	88.203	78.159
Total current assets		1.900.124	1.972.701
Non-current assets			
Financial investments	5	1.409	1.436
Property, plant and equipment	10	870.675	869.379
Right of use assets	6	198.990	168.535
Intangible assets	11	89.641	97.636
Prepaid expenses	14	14.078	18.229
Total non-current assets		1.174.793	1.155.215
Total assets		3.074.917	3.127.916

Accompanying notes are an integral part of these financial statements.

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
FINANCIAL STATEMENTS AS OF 31 MARCH 2025 AND 31 DECEMBER 2024**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

	Notes	Unaudited 31 March 2025	Audited 31 December 2024
Liabilities			
Current liabilities			
Current borrowings		511.971	429.332
-Current borrowings from third parties		511.971	429.332
- Bank loans	6	-	429.332
- Issued debt instruments	6	511.971	-
Current portion of long-term borrowings		62.306	122.348
-Current portion of long-term borrowings from third parties	6	62.306	122.348
- Bank loans		53.422	30.785
- Lease liabilities		6.309	52.012
- Issued debt instruments		2.575	39.551
Trade payables		174.657	146.343
- Trade payables to related parties	22	20.477	7.912
- Trade payables to third parties	7	154.180	138.431
Employee benefit obligations	8	112.888	119.005
Other payables		3.973	4.214
- Other payables to third parties	8	3.973	4.214
Derivative instruments	24.2	-	617
Deferred income	14	156.384	67.197
Short term provision		32.383	20.929
- Provisions for employment benefits	13	27.122	15.147
- Other current provisions	12	5.261	5.782
Total current liabilities		1.054.562	909.985
Non-current liabilities			
Non-current borrowings		582.302	557.342
- Non-current borrowings from third parties	6	582.302	557.342
- Bank loans		170.000	187.107
- Issued debt instruments		250.000	275.158
- Lease liabilities		162.302	95.077
Employee benefit obligations	8	2.269	2.548
Non-current provisions		34.860	36.762
- Non-current provision for employee benefits	13	34.860	36.762
Deferred tax liabilities	20	8.690	26.371
Total non-current liabilities		628.121	623.023
Equity			
Paid-in share capital	15	259.875	259.875
Adjustment to share capital	15	375.318	375.318
Other comprehensive expense not to be reclassified to profit or loss		(19.853)	(16.492)
- Revaluation and measurement gains / (losses)		(19.853)	(16.492)
Other comprehensive expense/(income) to be reclassified to profit or loss		15.137	13.723
- Gains/(loss) on hedge		15.137	13.723
Restricted reserves appropriated from profits	15	328.633	331.661
Prior years' profits/(losses)	15	633.851	610.303
Net profit/(loss) for the period		(200.727)	20.520
Total equity		1.392.234	1.594.908
Total liabilities and equity		3.074.917	3.127.916

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
PROFIT OR LOSS AS OF 1 JANUARY-31 MARCH 2025 AND 2024

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

Profit or loss	Notes	Unaudited	
		1 January - 31 March 2025	1 January - 31 March 2024
Revenue	16	277.114	916.286
Cost of sales (-)	16	(170.368)	(389.789)
Gross profit		106.746	526.497
General administrative expenses (-)		(126.120)	(112.223)
Marketing expenses (-)		(153.832)	(169.085)
Research and development expenses (-)		(5.028)	(4.200)
Other income from operating activities	17	2.904	14.198
Other expenses from operating activities (-)	17	(4.942)	(60.861)
Operating profit / (loss)		(180.272)	194.326
Income from investment activities	18	19	83
Expens from investment activities (-)	18	-	(6.418)
Operating profit before finance income / (expense)		(180.253)	187.991
Finance income	19	45.309	122.685
Finance expenses (-)	19	(133.979)	(210.198)
Monetary gain / (loss)	25	51.110	60.941
Profit/(Loss) before tax from continuing operations		(217.813)	161.419
Tax income from continuing operations		17.086	(40.615)
- Taxes on expense	20	-	(50.286)
- Deferred tax income / (expense)	20	17.086	9.671
Net profit /(loss) for the year		(200.727)	120.804
Profit /(loss) per share (1 TRL per share)	21	(0,7724)	5,1134

Accompanying notes are an integral part of these financial statements.

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY- 31 MARCH 2025 AND 2024**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

	Notes	Unaudited	
		1 January - 31 March 2025	1 January - 31 March 2024
Net profit /(loss) for the year		(200.727)	120.804
Other comprehensive income/expense			
Other comprehensive expenses that will not be reclassified to profit or loss		(3.361)	11.467
- Gains (Losses) on Remeasurements Defined Benefit Plans	13	(4.429)	15.288
Other comprehensive expenses that will not be reclassified to profit or loss, tax effect		1.068	(3.821)
- Deferred tax income / (expense)		1.068	(3.821)
Other comprehensive income / (expense) that will be reclassified to profit or loss		1.414	2.058
- Currency translation differences			
- Other comprehensive income / (expense) on cash flow hedge			
-Other Comprehensive income / (expense) on cash flow hedge		1.887	2.744
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect		(473)	(686)
- Deferred tax income / (expense)		(473)	(686)
Other comprehensive income / (expense)		(1.947)	13.525
Total comprehensive income		(202.674)	134.329

Accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 1 JANUARY- 31 MARCH 2025 AND 2024

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

			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 revaluation and measurement(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 2024	23.625	611.570	(22.007)	(6.258)	15.530	313.761	136.194	692.785	1.765.200
Transfers	-	-	-	-	-	-	692.785	(692.785)	-
Liquidation effect	-	-	-	6.258	-	-	-	-	6.258
Total comprehensive income / (loss)	-	-	11.467	-	2.058	-	-	120.804	134.329
Balances as of 31 March 2024	23.625	611.570	(10.540)	-	17.588	313.761	828.979	120.804	1.905.787
Balances as of 1 January 2025	259.875	375.318	(16.492)	-	13.723	331.661	610.303	20.520	1.594.908
Transfers	-	-	-	-	-	(3.028)	23.548	(20.520)	-
Total comprehensive income / (loss)	-	-	(3.361)	-	1.414	-	-	(200.727)	(202.674)
Balances as of 31 March 2025	259.875	375.318	(19.853)	-	15.137	328.633	633.851	(200.727)	1.392.234

Accompanying notes are an integral part of these financial statements.

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

CASH FLOW STATEMENTS FOR THE INTERIM 31 MARCH 2025 AND 31 MARCH 2024

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31, 2025, unless otherwise stated)

	Notes	Unaudited	
		1 January - 31 March 2025	1 January - 31 March 2024
Cash flow from operating activities		(154.248)	163.538
Net profit/(loss) for the period		(200.727)	120.804
Adjustments to reconcile net profit/(loss) for the period		113.232	198.230
Adjustments for depreciation and amortization expense	6,10,11	42.212	48.038
Adjustments for impairment loss/(reversal)		490	-
- <i>Adjustments for impairment / (reversal) of receivables</i>	7	490	-
Adjustments for provisions		13.622	22.789
- <i>Adjustments for provisions / (reversal) for employee benefits</i>	13	13.622	22.789
Adjustments for interest (income) / expense		121.549	149.789
- <i>Adjustments for interest income</i>	19	(10.923)	(108.308)
- <i>Adjustments for interest expense</i>	19	132.472	210.126
- <i>Rediscount on interest loss</i>	16	-	54.589
- <i>Rediscount on interest income</i>	16	-	(6.618)
Adjustments for fair value (gain) / loss		1.697	2.020
Adjustments for tax incomes	20	(17.086)	40.615
Adjustments for gain / (loss) on sale of tangible and intangible assets		(19)	6.335
Monetary gain / (loss)		(49.233)	(71.356)
Changes in working capital		(51.808)	150.078
Adjustments for decrease/(increase) in trade receivables		(33.354)	(151.579)
Adjustments for decrease/(increase) in other receivables		501	9.818
Adjustments for decrease/(increase) in inventory		(89.177)	63.955
Decrease/(increase) in prepaid expenses		(50.450)	(100.781)
Adjustments for increase/(decrease) in trade payables		28.314	48.570
Adjustments for increase/(decrease) in employee benefit obligations		(6.397)	(42.297)
Adjustments for increase/(decrease) in other payables from operations		(241)	7.366
Increase / (decrease) in deferred income (other than obligations arising from customer contracts)		89.187	(72.755)
Adjustments for other increase/(decrease) in working capital		9.809	387.781
- <i>Increase/(decrease) in other operating assets</i>		28.021	387.820
- <i>Increase/(decrease) in other operating liabilities</i>		(18.212)	(39)
Cash flows from (used in) operating activities		(139.303)	469.112
Payments related with provisions for employee benefits	13	(4.328)	(2.386)
Income taxes (paid) return		(10.617)	(303.188)
Cash flow from investing activities		(18.541)	(19.142)
Cash inflows arising from sale of tangible and intangible assets	10	-	(4.759)
Cash outflows arising from purchase of tangible and intangible assets	10	(18.541)	(14.383)
Cash flow from financing activities		(28.300)	(243.919)
Proceeds from borrowings	6	500.000	113.977
Repayment of borrowings	6	(302.974)	(267.588)
Repayment of lease liabilities		(21.135)	(19.467)
Interest paid	6	(211.397)	(253.506)
Interest received		7.206	100.562
Other cash inflows (outflows)		-	82.103
Monetary gain/(loss) impact on cash and cash equivalents		(52.537)	(162.865)
Net increase/(decrease) in cash and cash equivalents		(253.626)	(262.388)
Cash and cash equivalents at the beginning of the year	4	724.782	1.242.733
Cash and cash equivalents at the end of the year	4	471.156	980.345

Accompanying notes are an integral part of these financial statements

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
31 MARCH 2025**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

NOTE 1 - Company's organization and nature of operations

Adel Kalemcilik Ticaret ve Sanayi A.Ş. ("Company") operates in the production of pencils, colored pencils, toys, and other stationery products; the sale and export of finished goods manufactured at its facilities; and the import, trade, and distribution of raw materials, semi-finished, and finished products.

The company was established on 17 July 1967 and registered with the Istanbul Chamber of Industry (İSO) and the istanbul chamber of commerce (İTO) on the same date with the registration number 96078.

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

Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58 Buyaka E Blok 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 31 March 2025, 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

	31 March 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 31 March 2025 is 339 (31 December 2024: 371).

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2025

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31, 2025, unless otherwise stated)

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 2024 TFRS Taxonomy updated by POA on July 3, 2024.

The financial statements have been presented in accordance with the 2024 TFRS Taxonomy, which was developed based on the financial statement templates set out in the Financial Statement Samples and User Guide published by the Public Oversight, Accounting and Auditing Standards Authority (POA) in the Official Gazette dated June 7, 2019, issue No. 30794, and 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.

The Company's financial statements as of 31 March 2025 were approved by the Company's Board of Directors on 16 April 2025. The Board 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, 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 2024 in terms of the purchasing power of that currency as of 31 March 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.

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
31 MARCH 2025**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

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 March 31, 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
31 March 2025	2.954,69	1,00000	%250
31 December 2024	2.684,55	1,10063	%291
31 March 2024	2.139,47	1,38104	%309

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 based on 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 to make the correct presentation in accordance with TMS/IFRS to the legal records prepared on the historical cost basis.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2025

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31, 2025, unless otherwise stated)

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

2.2 New and Revised Turkish Financial Reporting Standards

a) *Standards, amendments, and interpretations applicable as of 31 March 2025:*

- **Amendments to IAS 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.

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

**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
31 MARCH 2025**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira (“TRL”) as of March 31,2025, unless otherwise stated)

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 31 Mart 2025:

- **Amendment to IFRS 9 and IFRS 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;
 - 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 IFRS 9 and IFRS 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 IFRS 9 and include targeted disclosure requirements to IFRS 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’.

**CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END
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**ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
31 MARCH 2025**

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira (“TRL”) as of March 31,2025, unless otherwise stated)

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 31 Mart 2025(Continued)

- **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. 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 consolidated financial statements available for public use that comply with IFRS Accounting Standards.

2.3. Changes and errors in accounting estimates

Changes in accounting policies or accounting errors are applied retrospectively and the financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively. Except for the subject mentioned in “Comparative Information and Restatement of Prior Period Financial Statements”, the Company has not identified any significant accounting error or estimated changes in accounting policies in the current year.

CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 31 MARCH 2025

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2025, unless otherwise stated)

NOTE 2 - Basis of presentation of financial statements (Continued)

2.3. Changes and errors in accounting estimates (Continued)

The nature and amount of a change in the accounting estimate that has an effect on the current period's operating result or is expected to have an effect on the following periods is disclosed in the footnotes of the financial statements, unless it is not possible to estimate the effect on future periods. There has been no change or error in the accounting estimates of the financial statements for the 31 March 2025 accounting period.

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 subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

2.5. Seasonality of activities

At the beginning of the year, the Company launches a sales campaign for specific products, followed by "dealer fairs" held in the first quarter to promote the sales of its manufactured and imported brands. During these campaigns and dealer fairs, customer orders are secured through checks, Direct Debit System (DDS), or credit cards. A significant portion of the orders received is shipped within the first half of the year.

2.6. Significant accounting judgments, estimates and assumptions

Fair values of derivatives and other financial instruments

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Expected credit losses

Provision for doubtful receivables is recognized using expected credit losses as defined in TFRS 9. The allowance for doubtful receivables is calculated using expected credit losses and excluding dealers subject to the Direct Debit System, taking into account the Company's estimates for the future in addition to past experience.

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NOTE 2 - Basis of presentation of financial statements (Continued)

2.7. Incentives Provided by the State

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.

NOTE 3 - Segment reporting

Fields of activity of the Company established in Türkiye are the production of pencils, colored pencils, toys, and other stationery equipment; the sale and export of finished products in the facilities; and the import of all kinds of raw materials, semi-finished products, and finished products for purchase and sale.

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

	31 March 2025	31 December 2024
Demand deposit	460.716	38.768
Time deposit	4.063	179
Other cash equivalents	6.377	685.835
Cash and cash equivalents in the statement of cash flows	471.156	724.782
Interest income accruals	4.617	902
Total	475.773	725.684

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

As of 31 March 2025, the Company has allocated USD 309.137 equivalent of TRL 11.675 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)

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NOTE 5 - Financial investments

		31 March 2025		31 December 2024
	%	TRL	%	TRL
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	7,67	99	7,67	99
Other long-term investments (*)		1.310		1.337
		1.409		1.436

(*) It is the amount of venture capital investment fund received by the Company on a long-term basis, equivalent to 2% of the corporate tax incentive utilized, as a result of its status as an R&D center.

NOTE 6 - Borrowings and right of use assets

31 March 2025	Interest rate %	Balance
Short term borrowings		
Debt instruments issued (*)	TLref + %1	511.971
		511.971

The Company has issued debt instruments amounting to TRL 500.000 offered exclusively to qualified investors without a public offering in the domestic market. These instruments have a maturity of 364 days, bear a variable interest rate of BIST TRLREF + 100 bps, feature two coupon payments, and are set to mature on March 13, 2026.

As of 31 March 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.

31 March 2025	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	14,00 - 45,00	6.309
Short-term portions of long-term loans	TLref + %1	53.422
Short-term portions of long-term issued debt instruments (*)	TLref + %1	2.575
		62.306

As of 31 March 2025, the interest accrual calculated for the short-term parts of the Company's long-term borrowings is classified within the short-term parts of the relevant long-term borrowings.

31 March 2025	Interest rate %	Balance
Long term borrowings		
TRL loans	TLref + %1	170.000
Debt instruments issued (*)	TLref + %1	250.000
Long-term lease payables	34,00 - 45,00	162.302
		582.302

(*) The Company has issued debt instruments amounting to TRL 250.000, offered exclusively to qualified investors without a public offering in the domestic market. These instruments have a maturity of 730 days, bear a variable interest rate of BIST TRLREF + 100 bps, feature four coupon payments, and are set to mature on September 24, 2026.

**CONVENIENCE TRANSLATION INTO ENGLISH OF YEAR END
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NOTE 6 - Borrowings and right of use assets (Continued)

The details of the Company's short and long-term borrowings as of 31 December 2024 are as follows;

31 December 2024	Interest rate %	Balance
Short term borrowings		
TRL loans	48,00 - 54,00	429.332
		429.332

As of 31 December 2024, the interest accrual calculated for the Company's short-term loans is classified within the relevant short-term bank loans.

31 December 2024	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	8,45	52.012
Short-term portions of long-term loans	TLref + %1	30.785
Short-term portions of long-term issued debt instruments	TLref + %1	39.551
		122.348

As of 31 December 2024, the interest accrual calculated for the short-term parts of the Company's long-term borrowings is classified within the short-term parts of the relevant long-term borrowings.

31 December 2024	Interest rate %	Balance
Long term borrowings		
TRL loans	TLref + %1	187.107
Debt instruments issued (*)	TLref + %1	275.158
Long-term lease payables	14,89 - 21,10	95.077
		557.342

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

31 March 2025	Total liabilities
1-2 years	582.302
	582.302
31 December 2024	Total liabilities
1-2 years	557.342
	557.342

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NOTE 6 - Borrowings and right of use assets (Continued)

The movement of bank loans is as follows:

	<u>2025</u>	<u>2024</u>
1 January	961.932	1.592.661
Cash inflows from borrowing	500.000	113.977
Cash outflows related to debt payments	(302.974)	(267.588)
Interest expense	120.381	203.022
Interest paid	(211.397)	(253.506)
Monetary (gain) / loss	(79.974)	(203.680)
31 March	987.968	1.184.886

The movement table of lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
1 January	147.089	175.505
Cash outflows related to lease payments for the period	(21.135)	(19.467)
Interest expense	12.091	7.104
Contract amendment	47.410	-
Monetary (gain) / loss	(16.844)	(22.478)
31 March	168.611	140.664

The movement table of the right-of-use assets of the Company as of 31 March 2025 and 31 December 2024 is given below:

Right of use assets	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
As of 1 January 2025	35.422	133.113	168.535
Changes in contracts	-	47.410	47.410
Current depreciation expense (*)	(7.047)	(9.908)	(16.955)
As of 31 March 2025	28.375	170.615	198.990

(*) TRL 118 of depreciation expenses are included in the cost of goods sold, TRL 3.257 in general administrative expenses, and TRL 13.580 in marketing, sales and distribution expenses.

Right of use assets	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
As of 1 January 2024	44.457	169.720	214.177
Disposal	(2.928)	-	(2.928)
Current depreciation expense (*)	(6.567)	(13.417)	(19.984)
As of 31 March 2024	34.962	156.303	191.265

(*) TRL 113 of depreciation expenses are included in the cost of goods sold, TRL 2.077 in general administrative expenses, and TRL 17.794 in marketing, sales and distribution expenses.

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NOTE 7 - Trade receivables and payables

Trade Receivables	31 March 2025	31 December 2024
Trade receivables from related parties (Note 22)	81.100	47.044
Trade receivables from third parties	96.173	97.365
	177.273	144.409

Trade receivables from third parties	31 March 2025	31 December 2024
Cheques and notes receivables	201	1.732
Trade receivables	103.879	103.845
Provisions for doubtful trade receivables (-)	(7.907)	(8.212)
	96.173	97.365

As of 31 March 2025 and 2024, the movement table for doubtful trade receivables is as follows:

	2025	2024
1 January	8.212	10.136
Provision provided during the period	495	-
Reversal of provision	(5)	-
Monetary (gain) / loss	(795)	(1.327)
31 March	7.907	8.809

Trade payables	31 March 2025	31 December 2024
Trade payables to related parties (Note 22)	20.477	7.912
Trade payables to third parties	154.180	138.431
	174.657	146.343

Trade payables to third parties	31 March 2025	31 December 2024
Suppliers	154.093	131.663
Other trade payables	87	6.768
	154.180	138.431

NOTE 8 - Other receivables and payables

Other receivables	31 March 2025	31 December 2024
Other receivables from third parties	1.178	1.678
	1.178	1.678

Other receivables from third parties	31 March 2025	31 December 2024
Receivables from employees	702	1.095
Deposits and guarantees given	348	386
Other miscellaneous receivables	128	197
	1.178	1.678

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NOTE 8 - Other receivables and payables (Continued)

Other payables	31 March 2025	31 December 2024
Other payables to third parties	3.973	4.214
	3.973	4.214
Other payables to third parties	31 March 2025	31 December 2024
Taxes, fees and deductions payable	3.079	3.469
Other	894	745
	3.973	4.214
Employee benefit obligations	31 March 2025	31 December 2024
Payables to employees	79.312	68.838
Social security premiums payable	23.897	10.288
Taxes, fees and deductions payable	9.679	39.879
	112.888	119.005
Long-term employee benefit obligations	31 March 2025	31 December 2024
Payables to employees	2.269	2.548
	2.269	2.548

NOTE 9 – Inventories

	31 March 2025	31 December 2024
Raw materials	276.012	231.514
Semi-finished goods	113.260	112.121
Finished goods	370.767	293.706
Trade goods	212.876	246.598
Other inventories	12.826	12.625
Provision for impairment of inventories (-) (*)	(27.689)	(27.689)
	958.052	868.875

(*) As of 31 March 2025 and 2024, the movement table regarding the stock impairment provision allocated as a result of the evaluation regarding the recoverability of stocks is as follows:

	2025	2024
1 January	27.689	25.992
Provisions no longer required (-)	-	-
31 March	27.689	25.992

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NOTE 10 - 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 2025,									
Cost	47.709	22.602	745.473	1.040.786	16.677	283.299	28.956	5.029	2.190.531
Accumulated depreciation	-	(20.767)	(153.683)	(873.937)	(16.649)	(252.291)	-	(3.825)	(1.321.152)
Net book value	47.709	1.835	591.790	166.849	28	31.008	28.956	1.204	869.379
Opening balance	47.709	1.835	591.790	166.849	28	31.008	28.956	1.204	869.379
Additions	-	-	-	569	-	3.463	14.526	-	18.558
Depreciation (*)	-	(75)	(3.760)	(10.538)	(5)	(2.782)	-	(102)	(17.262)
Closing balance	47.709	1.760	588.030	156.880	23	31.689	43.482	1.102	870.675
As of 31 March 2025,									
Cost	47.709	22.602	745.473	1.041.355	16.677	286.762	43.482	5.029	2.209.089
Accumulated depreciation	-	(20.842)	(157.443)	(884.475)	(16.654)	(255.073)	-	(3.927)	(1.338.414)
Net book value	47.709	1.760	588.030	156.880	23	31.689	43.482	1.102	870.675

(*) TRL 13.481 of depreciation expenses are included in the cost of goods sold, TRL 612 in general administrative expenses, TRL 637 in research and development expenses and TRL 2.532 in marketing, sales and distribution expenses.

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NOTE 10 - 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 2024,									
Cost	47.709	22.602	743.246	1.028.012	16.677	278.372	-	5.752	2.142.370
Accumulated depreciation	-	(20.456)	(135.751)	(835.265)	(16.637)	(246.482)	-	(2.354)	(1.256.945)
Net book value	47.709	2.146	607.495	192.747	40	31.890	-	3.398	885.425
Opening balance	47.709	2.146	607.495	192.747	40	31.890	-	3.398	885.425
Additions	-	-	-	3.172	-	3.157	8.053	-	14.382
Disposal cost	-	-	-	-	-	(3.341)	-	-	(3.341)
Disposal depreciation	-	-	-	-	-	1.799	-	-	1.799
Depreciation (*)	-	(75)	(3.987)	(10.375)	(14)	(3.322)	-	(97)	(17.870)
Closing balance	47.709	2.071	603.508	185.544	26	30.183	8.053	3.301	880.395
As of 31 March 2024,									
Cost	47.709	22.602	743.246	1.031.184	16.677	278.188	8.053	5.752	2.153.411
Accumulated depreciation	-	(20.531)	(139.738)	(845.640)	(16.651)	(248.005)	-	(2.451)	(1.273.016)
Net book value	47.709	2.071	603.508	185.544	26	30.183	8.053	3.301	880.395

(*) TRL 13.922 of depreciation expenses is included in the cost of goods sold, 401 TRL is included in general administrative expenses, 367 TRL is included in research and development expenses, and 3.180 TRL is included in marketing, sales and distribution expenses.

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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	3.532	96.639	262.675	22.370	385.216
Accumulated amortizations	(3.296)	(34.017)	(227.775)	(22.492)	(287.580)
Net book value	236	62.622	34.900	(122)	97.636
Opening balance	236	62.622	34.900	(122)	97.636
Additions	-	-	-	-	-
Depreciation (*)	(27)	(4.554)	(2.794)	(620)	(7.995)
End of the period	209	58.068	32.106	(742)	89.641

As of 31 March 2025,	-				
Cost	3.532	96.639	262.675	22.370	385.216
Accumulated amortizations	(3.323)	(38.571)	(230.569)	(23.112)	(295.575)
Net book value	209	58.068	32.106	(742)	89.641

(*) For the current period, amortization shares include TRL 4.584 in the cost of goods sold, TRL 666 in general administrative expenses, TRL 1.477 in research and development expenses and TRL 1.268 in marketing, sales and distribution expenses, has been made.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2024,					
Cost	3.532	94.837	252.126	20.832	371.327
Accumulated amortizations	(3.106)	(15.019)	(210.574)	(17.096)	(245.795)
Net book value	426	79.818	41.552	3.736	125.532
Opening balance	426	79.818	41.552	3.736	125.532
Additions	-	-	-	-	-
Depreciation (*)	(47)	(4.575)	(5.561)	-	(10.183)
End of the period	379	75.243	35.991	3.736	115.349

As of 31 March 2024,					
Cost	3.532	94.837	252.126	20.832	371.327
Accumulated amortizations	(3.153)	(19.594)	(216.135)	(17.096)	(255.978)
Net book value	379	75.243	35.991	3.736	115.349

(*) For the current period, amortization shares include TRL 3.139 in the cost of goods sold, TRL 519 in general administrative expenses, TRL 1.483 in research and development expenses, and TRL 5.043 in marketing, sales and distribution expenses, has been made.

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NOTE 12 - Provisions, contingent assets and liabilities

	31 March 2025	31 December 2024
Provisions for lawsuits	5.261	5.782
	5.261	5.782

15 employees of the Company have filed 15 lawsuits against the Company for the cancellation of their employment contracts, reinstatement and other compensation claims and a provision for lawsuits amounting to TRL 5.261 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,	5.782	297
Monetary (gain) / loss	(521)	(39)
As of 31 March,	5.261	258

Contingent liabilities and contingent assets

The Company's was unable to collect its receivable of TRL 60 arising from its current account relationship with its customer. As a result, enforcement proceedings were initiated under Istanbul 18th Enforcement Directorate file numbers 2012/20785E and 2012/18797E, as well as Kartal 1st Enforcement Directorate file number 2012/6142E. The sale of the seized real estate was requested on October 7, 2013. The valuation report has been notified, and the real estate sales process is ongoing.

2014/14137E, 2014/15246E, 2014/16896E, filed under Izmir 2, 8, 10 and 14th Enforcement Directorate, as a result The Company's inability to collect its receivable of TRL 594 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 The Company's by the employees of the two subcontractors, whose contracts the Company's 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 31 March 2025. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

Following the failure of The Company's 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 The Company's 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. The aforementioned lawsuits do not have a material impact on the Company's financial position, operating results, or liquidity.

The Company's has initiated follow-up with the file number 2024/25778 E within the Gebze Enforcement Office, since the 495 TRL advance payment with its supplier could not be collected, and the corresponding amount was obtained. The main follow-up has been initiated and the assets registered under the debtor have been inquired. There are no assets registered under the debtor's name, and the investigation is ongoing for the purpose of collecting the money.

The lawsuits in question are not of a nature that could significantly affect the Company's operating results, financial position or liquidity.

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NOTE 12 - Provisions, contingent assets and liabilities (Continued)

<i>Deposits and guarantees given</i>	31 March 2025	31 December 2024
Letters of guarantee	12.706	17.796
Letter of credit commitments	41.389	42.486

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

31 March 2025

Letter of guarantees, pledge and mortgages provided by the Company	TRL equivalents	EUR	TRL
A. Total amount of GPMs given on behalf of the Company's legal personality	12.706	2	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	-	-	-
	12.706	2	12.610

31 December 2024

Letter of guarantees, pledge and mortgages provided by the Company	TRL equivalents	EUR	TRL
A. Total amount of GPMs given on behalf of the Company's legal personality	17.796	-	17.796
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	-	-	-
	17.796	-	17.796

The ratio of other CPMs given by the Company to the Company's equity capital is 0% as of 31 March 2025 (31 December 2024: 0%).

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NOTE 13 - Employee benefits

Short term employee benefits	31 March 2025	31 December 2024
Premium accruals	18.458	12.539
Provisions for unused vacations	8.664	2.608
	27.122	15.147
Long term employee benefits	31 March 2025	31 December 2024
Provisions for employment termination benefits	34.860	36.762
	34.860	36.762

The movement table of unused vacation accruals as of 31 March 2025 and 2024 is as follows:

	2025	2024
As of 1 January,	2.608	4.093
Addition	8.464	6.244
Provision for vacation used	(2.020)	(1.440)
Monetary (gain) / loss	(388)	(536)
As of 31 March	8.664	8.361

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 January 2025, the severance pay to be paid is subject to a monthly ceiling of full TRL 46.655,43 (1 January 2024: full TRL 35.058,58). 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:

Severance pay liability is not legally subject to any funding. The severance pay provision is calculated by estimating the present value of the future probable obligation of the company arising from the retirement of its employees. TAS 19 ("Employee Benefits") requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As of 31 March 2025 and 31 December 2024, provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of employees.

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NOTE 13 - Employee benefits (Continued)

	<u>2025</u>	<u>2024</u>
As of 1 January	36.762	45.908
Service cost	(761)	8.901
Severance pay paid	(2.308)	(946)
Actuarial (gain) / loss	4.429	(15.288)
Monetary (gain) / loss	(3.262)	(6.197)
31 March	34.860	32.378

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

NOTE 14 - Other assets and liabilities

Short-term prepaid expenses	31 March 2025	31 December 2024
Advances given	55.682	14.960
Prepaid expenses for the coming months	18.865	4.987
	74.547	19.947

Current tax assets	31 March 2025	31 December 2024
Prepaid taxes and funds	123.332	133.949
	123.332	133.949

Other current assets	31 March 2025	31 December 2024
Deffered VAT	88.036	78.088
Other miscellaneous current assets	167	71
	88.203	78.159

Long-term prepaid expenses	31 March 2025	31 December 2024
Prepaid expense for the following years	14.078	18.229
	14.078	18.229

Deffered income	31 March 2025	31 December 2024
Advances received	156.384	67.197
	156.384	67.197

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NOTE 15 - Capital, reserves and other equity items

Capital

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

	<u>31 March 2025</u>		<u>31 December 2024</u>	
	% Share	Balance	% Share	Balance
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 to share capital		375.318		375.318
Total capital		635.193		635.193

Capital adjustment differences express the effect of realigning cash additions to paid-in capital with year-end purchasing power.

Number of shares, share groups and privileges:

The Company has 40.017.351 registered shares amounting to TRL 40.017 and 219.857.649 registered shares amounting to TRL 219.858 in accordance with the Foreign Capital Legislation. There are no privileges granted to shareholders in the election of the board of directors.

Restricted reserves allocated from profit

According to the Turkish Commercial Code, legal reserves are divided into two: first and second legal reserves. According to the Turkish Commercial Code, the first legal reserves are allocated as 5% of the legal net profit until 20% of the company's paid capital is reached. The second set of legal reserves is 10% of the distributed profit exceeding 5% of the paid capital. According to the Turkish Commercial Code, as long as legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way. As a result of the sale of the company's real estate and participation shares, which are evaluated within the scope of Article 5/e of the Corporate Tax Law No. 5520, 75% of the sales profit is classified as "Profit from the sale of real estate and participation shares".

	31 March 2025	31 December 2024
Legal reserves	325.291	325.291
Gain on sale of real estate and associate shares	1.606	4.633
R&D investment fund	1.736	1.737
	328.633	331.661

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NOTE 15 - Capital, reserves and other equity items (Continued)

Retained Earnings

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below:

	31 March 2025	31 December 2024
Other retained earnings /(losses)	416.600	371.188
Extraordinary reserves	217.251	239.115
	633.851	610.303

As of 31 March 2025 and 2024, the fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows.

	31 March 2025		
	CPI Adjusted	PPI Adjusted	Followed
<u>Retained Earnings</u>	Statuary Entrys	Statuary Entrys	ammount of
Adjustments to share capital	472.380	375.318	97.062
Reserves on retained earning	361.774	328.633	33.141

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 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 - 31 March 2025	1 January - 31 March 2024
Domestic sales	393.649	1.291.243
Export sales	26.300	51.427
Sales discounts (-)	(142.835)	(426.384)
Net sales	277.114	916.286
Cost of sales (-)	(170.368)	(389.789)
Gross profit	106.746	526.497

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

	1 January - 31 March 2025	1 January - 31 March 2024
Direct material cost	66.696	100.057
Direct labour costs	68.125	70.776
General production expenses	30.369	33.976
Depreciation and amortization expenses	18.184	17.174
Change in semi-finished goods	(1.139)	(37.024)
Change in finished goods	(77.061)	103.435
Cost of products sold	105.174	288.394
Cost of goods sold	65.194	101.395
Cost of sales	170.368	389.789

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NOTE 17 - Other operating and investment activities income and expenses

	1 January - 31 March 2025	1 January - 31 March 2024
Other income from operating activities		
Foreign exchange gain	2.718	6.047
Rediscount interest income	-	6.618
Other	186	1.533
	2.904	14.198

	1 January - 31 March 2025	1 January - 31 March 2024
Other expenses from operating activities		
Foreign exchange losses	3.800	5.598
Provision for doubtful trade receivables (Note 7)	495	-
Rediscount interest expense	-	54.589
Other	647	674
	4.942	60.861

NOTE 18 - Income and expense from investment activities

	1 January - 31 March 2025	1 January - 31 March 2024
Income from investment activities		
Gain on sale of property, plant and equipment	19	27
Other	-	56
	19	83

	1 January - 31 March 2025	1 January - 31 March 2024
Expense from investment activities		
Loss on sale of property, plant and equipment	-	165
Transfer of foreign currency translation differences previously recognized in other comprehensive income to the statement of income	-	6.253
	-	6.418

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NOTE 19 - Finance income and expenses

	1 January - 31 March 2025	1 January - 31 March 2024
Finance income		
Income from derivative transactions	32.924	-
Interest income	10.923	98.177
Foreign exchange income	1.462	14.377
Currency-protected deposit income	-	9.851
Interest income from sublease receivables	-	280
	45.309	122.685
	1 January - 31 March 2025	1 January - 31 March 2024
Finance expenses		
Interest expenses	132.472	210.126
Foreign exchange losses	1.507	72
	133.979	210.198

NOTE 20 - Income taxes

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

In Turkey, the corporate tax rate is 25%. The corporate tax return must be declared by the evening of the twenty-fifth day of the fourth month following period. It must be paid in one piece by the end of this month. In accordance with the tax legislation, provisional tax is calculated and paid at the corporate tax rate on the earnings generated quarterly, and the amounts paid in this way are offset from the tax calculated on annual earnings.

In accordance with the tax legislation in Turkey, financial losses can be carried forward for a maximum of five years following the year in which they occurred. In addition, tax declarations and relevant accounting records can be examined by the tax administration within five years.

	1 January - 31 March 2025	1 January - 31 March 2024
Current period statutory tax provision (-)	-	(50.286)
Deferred tax income/(expense)	17.086	9.671
Total deferred tax income, net	17.086	(40.615)
	31 March 2025	31 December 2024
Period income tax provision	-	-
Prepaid tax expenses (-)	123.332	133.949
Profit for the period tax (liability)/receivable, net	123.332	133.949

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NOTE 20- Income taxes (Continued)

Tax Advantages Obtained Within the Scope of Investment Incentive System:

The profits obtained by the Company from its investments subject to incentive certificates are subject to corporate tax at reduced rates, starting from the accounting period in which the investment is partially or fully operated, until it reaches the contribution amount to the investment.

Within the scope of the Company's incentive certificates, there is no reduced corporate tax advantage used against the current period legal tax. (31 March 2024: TRL 0)

The company capitalizes its R&D expenditures within the scope of Law No. 5746 in its legal books. According to the provisions of the same law, by calculating the R&D expenditures made by the Company within the framework of the relevant legislation, it benefits from the R&D discount for the part of the R&D expenditures allowed by law.

As of March 31, 2025, the Company has not used the R&D discount advantage in return for legal tax (December 31, 2024: TRL 1.651). The tax advantage of TRL 8.638 (December 31, 2024: not available) that will be used in the future on the unused R&D discount is included in the financial statements as a deferred tax asset. There is a deferred tax expense of TRL 8.638 deducted in the profit or loss statement for the period January 1 - March 31, 2025 related to the deferred tax asset.

Deferred tax assets are recorded when it is determined that taxable income will be generated in the future years. In cases where taxable income is likely to be generated, deferred tax assets are calculated based on deductible temporary differences, tax losses and tax advantages earned due to unlimited-life investment discounts that allow for reduced corporate tax payments. In this context, the Company bases the reflection of deferred tax assets arising from investment incentives on long-term plans and evaluates the recoverability of deferred tax assets related to such investment discounts as of each balance sheet date, based on business models that include taxable profit estimates. It is anticipated that such deferred tax assets will be recovered within 5 years from the balance sheet date.

In the sensitivity analysis conducted as of March 31, 2025, there was no change in the recovery period of deferred tax assets related to investment incentives, which was foreseen as 5 years, when the inputs included in the basic macroeconomic and sectoral assumptions constituting the business plans were increased/decreased by 10%.

	Total temporary differences		Deferred tax	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Tangible and intangible assets	(8.800)	11.414	(2.200)	2.853
Provision for employment termination benefits	34.700	34.187	8.675	8.547
Turnover and dealer premium provisions	57.444	-	14.361	-
R&D discount	34.552	-	8.638	-
Inventory, provision for impairment on inventories	(173.459)	(151.618)	(43.365)	(37.904)
Incentive premium accrual	20.407	12.591	5.102	3.148
Lease services	(30.378)	(21.446)	(7.595)	(5.362)
Other adjustments	30.787	9.385	7.694	2.347
Deferred tax asset/(liability), net	(34.747)	(105.487)	(8.690)	(26.371)

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NOTE 20- Income taxes (Continued)

Tax Advantages Obtained Within the Scope of Investment Incentive System(Continued)

	2025	2024
1 January	(26.371)	38.298
Deferred tax expense/(income)	17.086	9.671
Severance pay accounted under equity	1.068	(3.821)
effect of remeasurement differences		
Impact of derivative financial instruments	(473)	(686)
31 March	(8.690)	43.462

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 - 31 March 2025	1 January - 31 March 2024
Profit /(loss) for the period	(200.727)	120.804
Average number of shares (weighted average number of shares with a nominal value of TRL 1 per share)	259.875.000	23.625.000
Earnings per share / (loss) (Full TRL)	(0,7724)	5,1134

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NOTE 22 - Related parties transactions

a) Related Parties' Balances

	Receivables from related parties	
	31 March 2025	31 December 2024
Migros Ticaret A.Ş. (2)	29.432	33.020
A.W.Faber-Castell Vertrieb GmbH (2)	7.382	3.485
A.W.Faber Castell (M) (2)	27.940	-
AEP Anadolu Etap Penkon (2)	1.620	716
A.W.Faber Castell (1)	2.167	-
Anadolu Sağlık Merkezi Hastanesi A.Ş. (2)	-	7.429
Other	12.559	2.394
	81.100	47.044

	Payable to related parties	
	31 March 2025	31 December 2024
AEH Sigorta Acentalığı A.Ş. (2)	11.891	19
AG Anadolu Grubu Holding A.Ş. (1)	8.271	7.362
A.W.Faber Castell Brezilya S.A. (2)	231	237
Other	84	294
	20.477	7.912

1) Partners

2) Related party of AG Anadolu Grubu Holding A.Ş. and Faber-Castell Aktiengesellschaft (a shareholder)

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NOTE 22 - Related parties transactions (Continued)

b) Related Parties' transactions

	1 January - 31 March 2025	1 January - 31 March 2024
Purchases of goods		
A.W.Faber-Castell Vertrieb GmbH (2)	1.325	4.072
A.W.Faber Castell (M) Sdn.Bhd. (2)	11.265	-
P.T.A.W.Faber Castell Ind. (2)	2.423	6.765
	15.013	10.837
	1 January - 31 March 2025	1 January - 31 March 2024
Sales of goods		
Migros Ticaret A.Ş. (2)	23.850	83
A.W.Faber-Castell Vertrieb GmbH (2)	-	2.036
A.W.Faber Castell Brazil S.A.(2)	-	910
Other	354	78
	24.204	3.107
	1 January - 31 March 2025	1 January - 31 March 2024
Services received		
AG Anadolu Grubu Holding A.Ş. (1)	18.267	16.251
Anadolu Efes Spor Kulübü (2)	10.242	-
Diğer	98	16
	28.607	16.283
	1 January - 31 March 2025	1 January - 31 March 2024
Services given		
Anadolu Kafkasya Enerji Yatırımları A.Ş. (2)	1.050	1.062
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün San ve Tic A.Ş (2)	4.868	4.249
Other	61	356
	5.979	6.023

1) Partners

2) Related party of AG Anadolu Grubu Holding A.Ş. and Faber-Castell Aktiengesellschaft (a shareholder)

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NOTE 22 - Related parties transactions (Continued)

c) Benefits provided to key management

Key management personnel consist of the Head of the Agriculture, Energy and Industry Group, the General Manager and the managers who report directly to the General Manager. Benefits for senior executives are as follows:

	2025	2024
Short-term employee benefits	39.112	29.169
Other long-term benefits	3.519	861
31 March	47.993	30.030

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 and other debts, 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.

As of 31 March 2025 and 31 December 2024, net debt/(equity+net debt) ratio is as follows:

	31 March 2025	31 December 2024
Total borrowings	1.156.579	1.109.021
Less: Cash and cash equivalents	(475.773)	(725.684)
Net debt	680.806	383.337
Total equity	1.392.234	1.594.908
Total equity + net debt	2.073.040	1.978.245
Net debt / (total equity+net debt) ratio	33%	19%

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NOTE 23 - Nature and level of risks arising from financial instruments (Continued)

(b) Credit risk

Financial instruments have a counterparty risk as they may not fulfill requirements of the agreement. The Company manages credit risk by constantly evaluating the credibility of the related parties and by determining counterparty credit limits and due dates on a customer basis. Company also receives collaterals from customers as needed. Instruments that increase the credit reliability as guarantees received to determine the maximum amount of credit risk as of reporting date, are not taken into account.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

(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:

	31 March 2025	31 December 2024
Assets	103.407	72.661
Liabilities	(62.043)	(19.772)
Net balance sheet foreign currency position	41.364	52.889

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

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NOTE 23 - Nature and level of risks arising from financial instruments (Continued)

Profit/Loss 31 March 2025	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	7.478	(7.478)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	7.478	(7.478)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	795	(795)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	795	(795)
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)	-	-
	8.273	(8.273)

Profit/Loss 31 December 2024	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	10.095	(10.095)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	10.095	(10.095)
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	483	(483)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	483	(483)
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)	-	-
	10.578	(10.578)

(*) 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)

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:

	31 March 2025				31 December 2024			
	TRL equivalent	USD	Avro	Other	TRL equivalent	USD	Avro	Other
1. Trade receivables	16.638	352	82	-	16.562	285	136	-
2a. Monetary financial assets	11.675	278	29	-	38.767	1.000	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	75.094	1.791	183	-	17.331	432	15	-
4. Total current assets (1+2+3)	103.407	2.421	294	-	72.660	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)	103.407	2.421	294	-	72.660	1.717	151	-
10. Trade payables	57.541	1.314	195	-	15.986	319	90	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	4.502	118	1	-	3.785	96	1	-
12b. Othre non-monetary liabilities	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	62.043	1.432	196	-	19.771	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)	62.043	1.432	196	-	19.771	415	91	-
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	120.850	3.200	-	-	155.071	4.000	-	-
19a. Total asset amount hedged	120.850	3.200	-	-	155.071	4.000	-	-
19b. Total liabilities amount hedged	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	162.214	4.189	98	-	207.960	5.302	60	-
21. Monetary items net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)	41.364	989	98	-	52.889	1.302	60	-
22. Total fair value of financial instruments used for currency hedge	-	-	-	-	-	-	-	-
23. Exports	26.300	606	59	1.258	138.667	2.191	696	6.680
24. Imports	92.312	2.333	165	-	504.731	10.419	3.349	95
% 20 increase	-	7.478	795	-	-	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 31 March 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 taking into account the Company policies and procedures and accordingly, they are shown in the balance sheet net after 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 55% 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 91% 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 (DBS). Since the issuers of the checks received in general are the customers of the dealers, risk distribution is provided. Due to the fact that 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 TRL terms is shown below.

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NOTE 24 - Financial instruments

24.1 Fair value

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

Fair value hedge accounting

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

	31 March 2025	Level 1	Level 2	Level 3
Derivative financial assets	1.766	-	1.766	-
	31 December 2024	Level 1	Level 2	Level 3
Derivative financial assets	-	-	-	-
	31 March 2025	Level 1	Level 2	Level 3
Derivative financial liabilities	-	-	-	-
	31 December 2024	Level 1	Level 2	Level 3
Derivative financial liabilities	617	-	617	-

24.2 Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognized at cost, and subsequently valued at fair value on 1 October 2018.

As of 31 March 2025, Adel has a foreign exchange forward transaction with a nominal value of TRL 120.850 amounting to USD 3.200.000 (31 December 2024: Nominal value of TRL 195.579 amounting to USD 4.000.000).

As of 31 March 2025, the Company has allocated USD 309.137 equivalent of TRL 11.675 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)

The Company documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Company, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

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NOTE 24 - Financial instruments (Continued)

24.2 Derivative financial instruments and hedging transactions (Continued)

	Contract Amount	2025		Contract Amount	2024	
		Fair Values			Fair Values	
		Asset	Liability		Asset	Liability
For hedging purposes:						
Forward transaction	120.850	1.766	-	155.071	-	617
	120.850	1.766	-	155.071	-	617
Short term	120.850	1.766	-	155.071	-	617
	120.850	1.766	-	155.071	-	617

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.

	Notes	Fair value differences reflected in other	Financial assets shown at amortized cost	Financial liabilities shown at amortized	Book value	Fair value
31 March 2025						
Financial assets						
Cash and cash equivalences	4	-	475.773	-	475.773	475.773
Trade receivables from third parties	7	-	96.173	-	96.173	96.173
Receivables from related parties	22	-	81.100	-	81.100	81.100
Other financial assets	5	-	1.409	-	1.409	1.409
Financial liabilities						
Financial borrowings	6	-	-	987.968	987.968	987.968
Lease liabilities	6	-	-	168.611	168.611	168.611
Trade payables	7	-	-	154.180	154.180	154.180
Payables from related parties	22	-	-	20.477	20.477	20.477
Other financial liabilities	8	-	-	3.973	3.973	3.973
	-	-	-	-	-	-
31 December 2024						
Financial assets						
Cash and cash equivalences	4	-	725.684	-	725.684	725.684
Trade receivables from third parties	7	-	97.365	-	97.365	97.365
Receivables from related parties	22	-	47.044	-	47.044	47.044
Other financial assets	5	-	1.436	-	1.436	1.436
Financial liabilities						
Financial borrowings	6	-	-	961.932	961.933	961.933
Lease liabilities	6	-	-	147.089	147.089	147.089
Trade receivables from third parties	7	-	-	138.431	138.431	138.431
Payables from related parties	22	-	-	7.912	7.912	7.912
Derivatives	24.2	-	-	617	617	617
Other financial liabilities	8	-	-	4.214	4.214	4.214

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NOTE 25 - Disclosures on net monetary position gains / (losses)

	31 March 2025	31 March 2024
Financial Position Statement Items		
Inventory	84.001	137.780
Prepaid expenses	2.380	3.001
Financial investments	9	13
Property, plant and equipment	79.117	115.587
Intangible assets	8.838	15.843
Right of use assets	19.272	27.475
Deferred income	(2.402)	(19.560)
Adjustment to share capital	(58.074)	(83.157)
Other comprehensive expenses that will not be reclassified to profit or loss	(6.869)	(7.178)
- <i>Losses on remeasurement of defined benefit obligations</i>	(6.869)	(7.178)
Other comprehensive income (expenses) that will be reclassified to profit or loss	(1.254)	(1.214)
- <i>Currency translation differences</i>	1	819
- <i>Gains (loss) on hedge</i>	(1.255)	(2.033)
Restricted reserves	(27.753)	(41.076)
Retained earnings	(60.244)	(108.526)
Profit or Loss Statement Items		
Revenue	(1.319)	(11.077)
Cost of sales (-)	784	5.443
Research and development expenses (-)	207	128
General administrative expenses (-)	3.112	4.067
Marketing expenses (-)	3.392	5.030
Other income from operating activities	(62)	(238)
Other expenses from operating activities (-)	94	179
Income from investment activities	(1.056)	-
Finance income	(83)	(4.405)
Finance expenses (-)	3.061	6.125
Taxes on expense	-	1.643
Deferred tax income	(2.411)	5.014
Other Comprehensive Income Statement Items		
Other comprehensive income (expenses) that will not be reclassified	8.370	10.044
NET MONETARY POSITION GAINS / (LOSSES)	51.110	60.941

NOTE 26 - Events after the reporting period

The Board of Directors' decision regarding the distribution of TRL 150.026 gross dividend to fully taxpayer institutions at a rate of 57,73% gross in the amount of full TRL 0,5773 for each share with a nominal value of full TRL 1 and TRL 0,490705 net in the amount of full TRL 49,07% for each share with a nominal value of full TRL 1 to other shareholders, taking into account our company's unconsolidated financial statements prepared in accordance with the capital markets legislation, VUK legal records and tax legislation, all of which will be covered from the previous year's profits (extraordinary reserves), and also the allocation of TRL 13.703 as a second series legal reserve for these dividends to be distributed, and the dividend payment date being September 26, 2025, was approved at the Ordinary General Assembly Meeting dated April 16, 2025.