ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

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

INTERIM CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 2026

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ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ FINANCIAL STATEMENTS AS OF 31 MARCH 2026 AND 31 DECEMBER 2025
(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31,2026 unless otherwise indicated)

	Notes	Unaudited 31 March 2026	Audited 31 December 2025
Assets			
Current assets			
Cash and cash equivalences	4	295.563	435.427
Trade receivables		763.094	169.275
- Trade receivables from related parties	22	21.950	10.921
- Trade receivables from third parties	7	741.144	158.354
Other receivables		19.211	764
- Other receivables from third parties	8	19.211	764
Inventories	9	982.531	1.246.668
Prepaid expenses	14	48.316	37.808
-Prepaid expenses to related parties	22	116	128
-Prepaid expenses to third parties		48.200	37.680
Current tax assets	14	-	11.216
Other current assets		4.565	88.879
- Other current assets from third parties	14	4.565	88.879
Total current assets		**2.113.280**	**1.990.037**
Non-current assets			
Financial investments	5	1.538	1.620
Property, plant and equipment	10	1.051.810	1.059.892
Right of use assets	6	119.731	126.207
Intangible assets	11	147.220	159.225
Prepaid expenses	14	12.301	21.451
Deferred tax assets	20	153.204	136.801
Total non-current assets		**1.485.804**	**1.505.196**
Total assets		**3.599.084**	**3.495.233**

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ FINANCIAL STATEMENTS AS OF 31 MARCH 2026 AND 31 DECEMBER 2025
(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31,2026 unless otherwise indicated)

	Notes	Unaudited 31 March 2026	Audited 31 December 2025
Liabilities			
Current liabilities			
Current borrowings		1.408.151	1.277.101
-Current borrowings from third parties		1.408.151	1.277.101
- Bank loans	6	226.271	254.067
- Issued debt instruments	6	1.181.880	1.023.034
Current portion of long-term borrowings		476.820	535.233
-Current portion of long-term borrowings from third parties	6	476.820	535.233
- Bank loans	6	212.564	211.950
- Lease liabilities		12.561	15.882
- Issued debt instruments	6	251.695	307.401
Trade payables		199.208	134.429
- Trade payables to related parties	22	19.818	7.238
- Trade payables to third parties	7	179.390	127.191
Employee benefit obligations	8	65.176	77.015
Other payables		3.056	2.251
- Other payables to third parties	8	3.056	2.251
Derivative instruments	24.1	744	-
Deferred income	14	41.338	29.375
Short term provision		35.064	13.910
- Provisions for employment benefits	13	31.126	8.121
- Other current provisions	12	3.938	5.789
Total current liabilities		**2.229.557**	**2.069.314**
Non-current liabilities			
Non-current borrowings		36.291	41.127
- Non-current borrowings from third parties	6	36.291	41.127
- Lease liabilities		36.291	41.127
Employee benefit obligations	8	1.951	2.147
Non-current provisions		32.555	44.936
- Non-current provision for employee benefits	13	32.555	44.936
Total non-current liabilities		**70.797**	**88.210**
Equity			
Paid-in share capital	15	259.875	259.875
Adjustment to share capital	15	571.371	571.371
Other comprehensive expense not to be reclassified to profit or loss		(30.715)	(27.298)
- Revaluation and measurement gains / (losses)		(30.715)	(27.298)
Other comprehensive expense/(income) to be reclassified to profit or loss		17.078	17.636
- Gains/(loss) on hedge		17.078	17.636
Restricted reserves appropriated from profits	15	444.937	445.842
Prior years' profits/(losses)	15	71.188	623.087
Net profit/(loss) for the period		(35.004)	(552.804)
Total equity		**1.298.730**	**1.337.709**
Total liabilities and equity		**3.599.084**	**3.495.233**

Accompanying notes are an integral part of these financial statements

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ PROFIT OR LOSS AS OF 1 JANUARY-31 MARCH 2026 AND 2025
(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2026, unless otherwise stated)

		Unaudited	
Profit or loss	**Notes**	**1 January - 31 March 2026**	**1 January - 31 March 2025**
Revenue	16	822.856	362.645
Cost of sales (-)	16	(546.107)	(222.952)
Gross profit		**276.749**	**139.693**
General administrative expenses (-)		(119.509)	(165.047)
Marketing expenses (-)		(166.950)	(201.312)
Research and development expenses (-)		(8.039)	(6.580)
Other income from operating activities	17	3.911	3.800
Other expenses from operating activities (-)	17	(4.620)	(6.467)
Operating profit / (loss)		**(18.458)**	**(235.913)**
Income from investment activities	18	200	25
Expens from investment activities (-)	18	-	-
Operating profit before finance income / (expense)		**(18.258)**	**(235.888)**
Finance income	19	57.507	59.294
Finance expenses (-)	19	(218.380)	(175.332)
Monetary gain / (loss)	25	129.051	66.885
Profit/(Loss) before tax from continuing operations		**(50.080)**	**(285.041)**
Tax income from continuing operations		**15.076**	**22.360**
- Taxes on expense	20	-	-
- Deferred tax income / (expense)	20	15.076	22.360
Net profit /(loss) for the year		**(35.004)**	**(262.681)**
Profit /(loss) per share (1 TRL per share)	21	**(0,1347)**	**(1,0108)**

Accompanying notes are an integral part of these financial statements

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY- 31 MARCH 2026 AND 2025
(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2026, unless otherwise stated)

		Unaudited	
		1 January -	1 January -
	Notes	31 March 2026	31 March 2025
Net profit /(loss) for the year		**(35.004)**	**(262.681)**
Other comprehensive income/expense			
Other comprehensive expenses that will not be reclassified to profit or loss		(3.417)	(4.398)
- Gains (Losses) on Remeasurements Defined Benefit Plans	13	(4.558)	(5.794)
Other comprehensive expenses that will not be reclassified to profit or loss, tax effect		1.141	1.396
- Deferred tax income / (expense)		1.141	1.396
Other comprehensive income / (expense) that will be reclassified to profit or loss		(558)	1.850
- Currency translation differences			
- Other comprehensive income / (expense) on cash flow hedge			
-Other Comprehensive income / (expense) on cash flow hedge		(744)	2.469
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect		186	(619)
- Deferred tax income / (expense)		186	(619)
Other comprehensive income / (expense)		**(3.975)**	**(2.548)**
Total comprehensive income		**(38.979)**	**(265.229)**

Accompanying notes are an integral part of these financial statements

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 1 JANUARY- 31 MARCH 2026 AND 2025

(Currency expressed in Turkish Lira based on the purchasing power of Turkish Lira ("TRL") as of March 31,2026, 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 2025	**259.875**	**571.371**	**(21.583)**	**-**	**17.959**	**434.028**	**798.673**	**26.853**	**2.087.176**
Liquidation effect	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(3.963)	30.816	(26.853)	-
Subsidiary acquisition or disposal	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss)	-	-	(4.398)	-	1.850	-	-	(262.681)	(265.229)
Balances as of 31 March 2025	**259.875**	**571.371**	**(25.981)**	**-**	**19.809**	**430.065**	**829.489**	**(262.681)**	**1.821.947**
Balances as of 1 January 2026	**259.875**	**571.371**	**(27.298)**	**-**	**17.636**	**445.842**	**623.087**	**(552.804)**	**1.337.709**
Transfers	-	-	-	-	-	(905)	(551.899)	552.804	-
Subsidiary acquisition or disposal	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	-	-	(3.417)	-	(558)	-	-	(35.004)	(38.979)
Balances as of 31 March 2026	**259.875**	**571.371**	**(30.715)**	**-**	**17.078**	**444.937**	**71.188**	**(35.004)**	**1.298.730**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

		Unaudited	
	Notes	1 January - 31 March 2026	1 January - 31 March 2025
Cash flow from operating activities		**(171.242)**	**(201.852)**
Net profit /(loss) for the period		**(35.004)**	**(262.681)**
Adjustments to reconcile net profit /(loss) for the period		**72.851**	**148.179**
Adjustments for depreciation and amortization expense	6,10,11	44.742	55.243
Adjustments for impairment loss/(reversal)		47	642
- Adjustments for impairment / (reversal) of receivables	*7*	*47*	*642*
Adjustments for provisions		19.948	17.825
- Adjustments for provisions / (reversal) for employee benefits		*21.271*	*17.825*
- Adjustments for provisions / (reversal) for lawsuit and other provisions	12	*(1.323)*	-
Adjustments for interest (income) / expense		161.200	159.065
- Adjustments for interest income	*19*	*(49.377)*	*(14.295)*
- Adjustments for interest expense	*19*	*210.577*	*173.360*
Adjustments for fair value (gain) / loss		744	2.218
Adjustments for tax incomes	20	(15.076)	(22.360)
Adjustments for gain / (loss) on sale of tangible and intangible assets	18	(200)	(25)
Monetary gain / (loss)		(138.554)	(64.429)
Changes in working capital		**(188.327)**	**(67.795)**
Adjustments for decrease/(increase) in trade receivables		(593.864)	(43.649)
Adjustments for decrease/(increase) in other receivables		(18.448)	656
Adjustments for decrease/(increase) in inventory		264.137	(116.701)
Decrease/(increase) in prepaid expenses		(1.358)	(66.021)
Adjustments for increase/(decrease) in trade payables		64.778	37.053
Adjustments for increase/(decrease) in employee benefit obligations		(12.035)	(8.371)
Adjustments for increase/(decrease) in other payables from operations		806	(315)
Increase / (decrease) in deferred income (other than obligations arising from customer contracts)		11.963	116.715
Adjustments for other increase/(decrease) in working capital		95.694	12.838
- Increase/(decrease) in other operating assets		*96.222*	*36.670*
- Increase/(decrease) in other operating liabilities		*(528)*	*(23.832)*
Cash flows from (used in) operating activities		**(150.480)**	**(182.297)**
Payments related with provisions for employee benefits		(20.762)	(5.661)
Income taxes (paid) return		-	(13.894)
Cash flow from investing activities		**(11.415)**	**(24.268)**
Cash inflows arising from sale of tangible and intangible assets	10, 11	568	25
Cash outflows arising from purchase of tangible and intangible assets	10, 11	(11.983)	(24.293)
Cash flow from financing activities		**93.006**	**(37.035)**
Proceeds from borrowings	6	820.740	654.324
Repayment of borrowings	6	(562.484)	(396.487)
Repayment of lease liabilities	6	(18.767)	(27.658)
Dividends paid		-	-
Interest paid	6	(195.253)	(276.644)
Interest received		48.770	9.430
Monetary gain/(loss) impact on cash and cash equivalents		**(50.822)**	**(68.753)**
Net increase/(decrease) in cash and cash equivalents		**(140.473)**	**(331.908)**
Cash and cash equivalents at the beginning of the year	**4**	**435.045**	**948.486**
Cash and cash equivalents at the end of the year	**4**	**294.572**	**616.578**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026, 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 2026		**31 December 2025**	
	%	**TRL**	**%**	**TRL**
AG Anadolu Grubu Holding A.Ş.	56,89	147.832	56,89	147.832
Faber-Castell Aktiengesellschaft	15,40	40.017	15,40	40.017
Shares publicly held	27,71	72.026	27,71	72.026
		259.875		**259.875**

The average number of employees of the Company as at 31 March 2026 is 235 (31 December 2025: 303).

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 2026 were approved by the Company's Board of Directors on 30 April 2026. 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 2025 in terms of the purchasing power of that currency as of 31 March 2026.

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

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

2.1.2 Adjustment of financial statements in hyperinflationary periods (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, 2026, 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 2026	121,47	1,00000	%205
31 December 2025	110,39	1,10040	%211
31 March 2025	92,82	1,30865	%250

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

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 whare 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 2026 with the financial position statement prepared as of 31 December 2025; The profit or loss statement for the period 1 January- 31 March 2026, the profit or loss statement for the 1 January- 31 March 2025 accounting period, and the other comprehensive income statement for the 1 January- 31 Match 2026 accounting period, the 1 January- 31 March 2025 accounting period, other comprehensive income statement, cash flow statement for the accounting period 1 January- 31 March 2026 and statements of changes in shareholders' equity are prepared comparatively with the related financial statements for the accounting period 1 January - 31 March 2025.

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

2.2 Significant accounting policies

A summary of the accounting policies applied during the preparation of the financial statements is as follows:

2.2.1 Going concern

The financial statements have been prepared on a going concern basis, assuming that the Company will derive benefits from its assets and fulfill its obligations within the next year and in the normal course of its operations.

As of March 31, 2026, the Company's total current liabilities exceed total current assets by TRL 116.277. The Company incurred a net loss of TRL 35.004 in the first quarter of 2026.

2.3 New and Revised Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 31 March 2026:

- **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 (earlier application permitted). 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 list of amended Accounting Standard and accompanying guidance include the following:

  - 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.

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

2.3 New and Revised Turkish Financial Reporting Standards (Continued)

a) Standards, amendments, and interpretations applicable as of 31 March 2026 (Continued)

- **Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity;** effective from annual periods beginning on or after 1 January 2026 (earlier application permitted). 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'.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2026:

- **Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency;** effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

  - its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
  - it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

  The amendments aim to improve the usefulness of the resulting information in a cost-effective manner and reduce diversity in practice.

- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). 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.

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

2.3 New and Revised Turkish Financial Reporting Standards (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2026 (Continued)

To comply with paragraph 30 of IAS 8, it is expected that March year-end disclosures should about:

- the nature of the changes,
- the fact that IFRS 18 application is required for annual periods beginning on or after 1 January 2027,
- the planned adoption date, and
- either:
  - known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 18 will have on the entity's financial statements in the period of initial application; or
  - if that impact is not known or reasonably estimable, a statement to that effect.

When preparing disclosures related to the adoption of IFRS 18 to comply with paragraph 30 of IAS 8, entities should consider the following principles:

a. Disclosures are expected to become increasingly detailed as entities' implementation process progresses toward 2027.
The level of detail that an entity includes in its disclosures will depend on the progress of its implementation activities, including those related to internal controls. For the year ending 31 March 2026, entities that have yet to make significant progress in implementation might only disclose that they are actively assessing the impact of IFRS 18 and that more comprehensive disclosures cannot reasonably be provided.

b. Where appropriate and reliable, consider including quantitative information.
It may be appropriate to disclose preliminary figures, when the company has an appropriate and reliable basis for making such disclosures and provides clear explanations regarding their provisional nature. For example, an entity might quantify the effects on profit and loss subtotals. If the quantitative impact is not reasonably estimable, a statement to that effect should be included. An entity may disclose known and reasonably quantifiable impacts, but it is not expected to early provide IFRS 18 disclosures, such as an MPM reconciliation, before the application date.

c. Consider alignment with other public communications.
If management has publicly detailed anticipated impacts, such as in an investor presentation, the IAS 8 financial statement disclosures should be consistent with these communications.

Disclosures should be based on the information available through the date of issuance of the financial statements, not only the end of the reporting period.

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

2.3 New and Revised Turkish Financial Reporting Standards (Continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2026 (Continued)

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures';** effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). This new standard and amendments 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.

- **Amendment to IFRS 19 Subsidiaries without Public Accountability: Disclosures';** effective from annual periods beginning on or after 1 January 2027 (earlier application permitted). In developing the reduced disclosure requirements in IFRS 19, the IASB considered the disclosure requirements in other IFRS Accounting Standards as at 28 February 2021. When IFRS 19 was issued, it did not contain reduced versions of any disclosure requirements that were added or amended after that date. Subsequently, the IASB issued these amendments to help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

  - IFRS 18, 'Presentation and Disclosure in Financial Statements';
  - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
  - International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
  - Lack of Exchangeability (Amendments to IAS 21); and
  - Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

2.4 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.

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 2026 accounting period.

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

2.5 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.

2.6 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.

2.7 Significant accounting judgments, estimates and assumptions

<u>Fair values of derivatives and other financial instruments</u>

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.

<u>Expected credit losses</u>

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.

2.8 Government incentives

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	**31 December 2025**
Demand deposit	288.991	428.952
Time deposit	3.027	1.569
Other cash equivalents	2.554	4.524
Cash and cash equivalents in the statement of cash flows	**294.572**	**435.045**
Interest income accruals	991	382
Total	**295.563**	**435.427**

The Company has no blocked deposits as of 31 March 2026 (31 December 2025: None).

NOTE 5 - Financial investments

		31 March 2026		**31 December 2025**
	%	**TRL**	**%**	**TRL**
Other long-term investments (*)		1.538		1.620
		1.538		**1.620**

(*) 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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 6 - Borrowings and right of use assets

31 March 2026	**Interest rate %**	**Balance**
Short term borrowings		
TRL loans	20,32- 40,00	226.271
Debt instruments issued (*)	40,75 - TLref + %0,75	1.181.880
		1.408.151

(*) The Company has issued debt instruments including TRL 750.000 thousand in principal amount with a 364 day maturity, maturing on 19 February 2027, bearing a floating interest rate of TLREF + 75 bps, with principal repayment at maturity and four coupon payments, and TRL 350.000 thousand in principal amount, maturing on 25 November 2026, bearing an interest rate of 40,75%, with principal and coupon payment at maturity.

As of 31 March 2026, the interest accrual calculated for the Company's issued debt instruments is classified within the issued debt instruments.

31 March 2026	**Interest rate %**	**Balance**
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	14,00 - 34,50	12.561
Short-term portions of long-term loans	TLref + %1	212.564
Short-term portions of long-term issued debt instruments (*)	TLref + %1	251.695
		476.820

(*) 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 TLREF + 100 bps, feature four coupon payments, and are set to mature on September 24, 2026.

As of 31 March 2026, 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 2026	**Interest rate %**	**Balance**
Long term borrowings		
Long-term lease payables	-	36.291
		36.291

The details of the Company's short and long-term borrowings as of 31 December 2025 are as follows;

31 December 2025	**Interest rate %**	**Balance**
Short term borrowings		
TRL loans	23,47- 45,00	254.067
Issued debt instruments	40,75 - TLref + %1	1.023.034
		1.277.101

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

As of 31 December 2025, the interest accrual calculated for the Company's short-term loans is classified within the relevant short-term bank loans.

31 December 2025	Interest rate %	Balance
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	14,00 - 34,50	15.882
Short-term portions of long-term loans	TLref + %1	211.950
Short-term portions of long-term issued debt instruments	TLref + %1	307.401
		535.233

As of 31 December 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 December 2025	Interest rate %	Balance
Long term borrowings		
Long-term lease payables	-	41.127
		41.127

As of 31March 2026 and 31 December 2025, the maturity details of the Company's long-term loans and financial lease borrowings are given below:

31 March 2026	Total liabilities
1-2 years	36.291
	36.291

31 December 2025	Total liabilities
1-2 years	41.127
	41.127

The movement of bank loans is as follows:

	2026	2025
1 January	**1.796.452**	**1.258.833**
Cash inflows from borrowing	820.740	654.324
Cash outflows related to debt payments	(562.484)	(396.487)
Interest expense	199.732	157.537
Interest paid	(195.253)	(276.644)
Monetary (gain) / loss	(186.777)	(104.659)
31 March	**1.872.410**	**1.292.904**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

The movement table of lease liabilities is as follows:

	2026	2025
1 January	**57.009**	**192.490**
Cash inflow within the period	-	-
Cash outflows related to lease payments for the period	(18.767)	(27.658)
Interest expense	10.845	15.823
Contract amendment	6.564	62.043
Monetary (gain) / loss	(6.799)	(22.046)
31 March	**48.852**	**220.652**

The movement table of the right-of-use assets of the Company as of 31 March 2026 and 31 December 2025 is given below:

Right of use assets	Vehicles	Buildings	Total
As of 1 January 2026	89.045	37.162	126.207
Changes in contracts	-	6.564	6.564
Current depreciation expense (*)	(7.466)	(5.574)	(13.040)
As of 31 March 2026	**81.579**	**38.152**	**119.731**

(*) TRL 436 of depreciation expenses are included in the cost of goods sold, TRL 1.417 in general administrative expenses, and TRL 11.187 in marketing, sales and distribution expenses.

Right of use assets	Vehicles	Buildings	Total
As of 1 January 2025	46.355	174.198	220.553
Changes in contracts	-	62.042	62.042
Current depreciation expense (*)	(9.222)	(12.965)	(22.187)
As of 31 March 2025	**37.133**	**223.275**	**260.408**

(*) TRL 154 of depreciation expenses are included in the cost of goods sold, TRL 4.262 in general administrative expenses, and TRL 17.771 in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 7 - Trade receivables and payables

Trade Receivables	**31 March 2026**	**31 December 2025**
Trade receivables from related parties (Note 22)	21.950	10.921
Trade receivables from third parties	741.144	158.354
	763.094	**169.275**

Trade receivables from third parties	**31 March 2026**	**31 December 2025**
Cheques and notes receivables	210.284	7.318
Trade receivables	539.966	161.006
Provisions for doubtful trade receivables (-)	(9.106)	(9.970)
	741.144	**158.354**

As of 31 March 2026 and 2025, the movement table for doubtful trade receivables is as follows:

	2026	**2025**
1 January	**9.970**	**10.747**
Provision provided during the period (Note 17)	54	648
Reversal of provision (Note 17)	(7)	(6)
Monetary (gain) / loss	(911)	(1.042)
31 March	**9.106**	**10.347**

Trade payables	**31 March 2026**	**31 December 2025**
Trade payables to related parties (Note 22)	19.818	7.238
Trade payables to third parties	179.390	127.191
	199.208	**134.429**

Trade payables to third parties	**31 March 2026**	**31 December 2025**
Suppliers	171.013	126.852
Other trade payables	8.377	339
	179.390	**127.191**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 8 - Other receivables and payables

Other receivables	**31 March 2026**	**31 December 2025**
Other receivables from third parties	19.211	764
	19.211	**764**

Other receivables from third parties	**31 March 2026**	**31 December 2025**
Receivables from employees	1	2
Deposits and guarantees given	403	366
Other miscellaneous receivables	18.807	396
	19.211	**764**

Other payables	**31 March 2026**	**31 December 2025**
Other payables to third parties	3.056	2.251
	3.056	**2.251**

Other payables to third parties	**31 March 2026**	**31 December 2025**
Taxes, fees and deductions payable	1.781	1.525
Other	1.275	726
	3.056	**2.251**

Employee benefit obligations	**31 March 2026**	**31 December 2025**
Payables to employees	31.183	33.243
Social security premiums payable	26.343	12.590
Taxes, fees and deductions payable	7.650	31.182
	65.176	**77.015**

Long-term employee benefit obligations	**31 March 2026**	**31 December 2025**
Payables to employees	1.951	2.147
	1.951	**2.147**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 9 – Inventories

	31 March 2026	31 December 2025
Raw materials	310.208	268.439
Semi-finished goods	191.911	140.693
Finished goods	251.005	433.177
Trade goods	225.734	400.182
Other inventories	13.698	14.202
Provision for impairment of inventories (-) (*)	(10.025)	(10.025)
	982.531	**1.246.668**

(*) As of 31 March 2026 and 2025, the movement table regarding the stock impairment provision allocated as a result of the evaluation regarding the recoverability of stocks is as follows:

	2026	2025
1 January	**10.025**	**36.235**
Reversal of impairment provision (-)	**-**	**-**
Provisions no longer required (-)	-	-
31 March	**10.025**	**36.235**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026,									
Cost	62.434	29.578	976.609	1.360.754	21.824	283.201	18.234	4.827	2.757.461
Accumulated depreciation	-	(27.577)	(222.817)	(1.171.111)	(21.813)	(254.045)	-	(206)	(1.697.569)
Net book value	**62.434**	**2.001**	**753.792**	**189.643**	**11**	**29.156**	**18.234**	**4.621**	**1.059.892**
Opening balance	**62.434**	**2.001**	**753.792**	**189.643**	**11**	**29.156**	**18.234**	**4.621**	**1.059.892**
Additions	-	-	-	1.387	-	333	10.263	-	11.983
Disposal cost	-	-	-	(473)	-	-	-	-	(473)
Disposal depreciation	-	-	-	105	-	-	-	-	105
Transfers	-	-	-	-	-	-	-	-	-
Depreciation (*)	-	(92)	(4.472)	(12.596)	(7)	(2.380)	-	(150)	(19.697)
Closing balance	**62.434**	**1.909**	**749.320**	**178.066**	**4**	**27.109**	**28.497**	**4.471**	**1.051.810**
As of 31 March 2026,									
Cost	62.434	29.578	976.609	1.361.668	21.824	283.534	28.497	4.827	2.768.971
Accumulated depreciation	-	(27.669)	(227.289)	(1.183.602)	(21.820)	(256.425)	-	(356)	(1.717.161)
Net book value	**62.434**	**1.909**	**749.320**	**178.066**	**4**	**27.109**	**28.497**	**4.471**	**1.051.810**

(*) TRL 15.582 of depreciation expenses are included in the cost of goods sold, TRL 604 in general administrative expenses, TRL 1.746 in research and development expenses and TRL 1.765 in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2025,									
Cost	62.434	29.578	975.560	1.362.024	21.824	370.735	37.894	6.581	2.866.630
Accumulated depreciation	-	(27.176)	(201.117)	(1.143.677)	(21.789)	(330.159)	-	(5.005)	(1.728.923)
Net book value	**62.434**	**2.402**	**774.443**	**218.347**	**35**	**40.576**	**37.894**	**1.576**	**1.137.707**
Opening balance	**62.434**	**2.402**	**774.443**	**218.347**	**35**	**40.576**	**37.894**	**1.576**	**1.137.707**
Additions	-	-	-	745	-	4.532	19.016	-	24.293
Disposal cost	-	-	-	-	-	-	-	-	-
Disposal depreciation	-	-	-	-	-	-	-	-	-
Depreciation (*)	-	(98)	(4.921)	(13.791)	(7)	(3.641)	-	(133)	(22.591)
Closing balance	**62.434**	**2.304**	**769.522**	**205.301**	**28**	**41.467**	**56.910**	**1.443**	**1.139.409**
As of 31 March 2025,									
Cost	62.434	29.578	975.560	1.362.769	21.824	375.267	56.910	6.581	2.890.923
Accumulated depreciation	-	(27.274)	(206.038)	(1.157.468)	(21.796)	(333.800)	-	(5.138)	(1.751.514)
Net book value	**62.434**	**2.304**	**769.522**	**205.301**	**28**	**41.467**	**56.910**	**1.443**	**1.139.409**

(*) TRL 17.642 of depreciation expenses is included in the cost of goods sold, TRL 801 is included in general administrative expenses, TRL 834 is included in research and development expenses, and TRL 3.314 is included in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 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 2026,					
Cost	2.666	195.849	352.142	32.156	582.813
Accumulated amortizations	(2.593)	(72.635)	(315.686)	(32.674)	(423.588)
Net book value	**73**	**123.214**	**36.456**	**(518)**	**159.225**
Opening balance	**73**	**123.214**	**36.456**	**(518)**	**159.225**
Additions	-	-	-	-	-
Depreciation (*)	(22)	(9.132)	(2.315)	(536)	(12.005)
End of the period	**51**	**114.082**	**34.141**	**(1.054)**	**147.220**
As of 31 March 2026,	-				
Cost	2.666	195.849	352.142	32.156	582.813
Accumulated amortizations	(2.615)	(81.767)	(318.001)	(33.210)	(435.593)
Net book value	**51**	**114.082**	**34.141**	**(1.054)**	**147.220**

(*) For the current period, amortization shares include TRL 4.764 in the cost of goods sold, TRL 467 in general administrative expenses, TRL 5.820 in research and development expenses and TRL 954 in marketing, sales and distribution expenses, has been made.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2025,					
Cost	4.622	126.465	343.750	29.274	504.111
Accumulated amortizations	(4.313)	(44.516)	(298.078)	(29.431)	(376.338)
Net book value	**309**	**81.949**	**45.672**	**(157)**	**127.773**
Opening balance	**309**	**81.949**	**45.672**	**(157)**	**127.773**
Additions	-	-	-	-	-
Depreciation (*)	(35)	(5.960)	(4.958)	488	(10.465)
End of the period	**274**	**75.989**	**40.714**	**331**	**117.308**
As of 31 March 2025,					
Cost	4.622	126.465	343.750	29.274	504.111
Accumulated amortizations	(4.348)	(50.476)	(303.036)	(28.943)	(386.803)
Net book value	**274**	**75.989**	**40.714**	**331**	**117.308**

(*) For the current period, amortization shares include TRL 5.999 in the cost of goods sold, TRL 872 in general administrative expenses, TRL 1.935 in research and development expenses, and TRL 1.659 in marketing, sales and distribution expenses, has been made.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 12 - Provisions, contingent assets and liabilities

	31 March 2026	**31 December 2025**
Provisions for lawsuits	3.938	5.789
	3.938	**5.789**

14 employees of the Company have filed 14 lawsuits against the Company for the cancellation of their employment contracts, reinstatement and other compensation claims and a provision for lawsuits amounting to TRL 3.938 has been set aside as a result of the evaluations of the lawyers in relation to the related lawsuits.

	2026	**2025**
As of 1 January,	**5.789**	**7.569**
Provisions no longer required (-)	(1.323)	-
Monetary (gain) / loss	(528)	(692)
As of 31 March,	**3.938**	**6.877**

Contingent liabilities and contingent assets

Adel Kalemcilik Ticaret ve Sanayi A.Ş. was unable to collect its receivable of TRL 1.026 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 Adel Kalemcilik Ticaret ve Sanayi A.Ş.'s inability to collect its receivable of TRL 9.231 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 31 March 2026. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

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

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

Contingent liabilities and contingent assets (Continued)

The Company was unable to collect its receivable arising from a TRL 758 advance payment to its supplier. Consequently, enforcement proceedings were initiated under file number 2024/25778 E at the Gebze Enforcement Directorate, and a provision has been made for the said amount. The main enforcement proceedings have been initiated, and inquiries have been made regarding the debtor's registered assets. No assets are registered in the debtor's name, and investigations are continuing in order to collect the receivable.

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

Deposits and guarantees given	31 March 2026	31 December 2025
Letters of guarantee	132.252	145.531

As of 31 March 2026 and 31 December 2025, the tables regarding the Company's collateral/pledge/mortgage ("CPM") position are as follows:

31 March 2026

	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	132.252	-	132.252
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	-	-	-
		132.252	**-**	**132.252**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

***Contingent liabilities and contingent assets* (Continued)**

31 December 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	145.531	-	145.531
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	-	-	-
		145.531	**-**	**145.531**

The ratio of other CPMs given by the Company to the Company's equity capital is 0% as of 31 March 2026 (31 December 2025: 0%).

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 13 - Employee benefits

Short term employee benefits	**31 March 2026**	**31 December 2025**
Premium accruals	21.983	4.604
Provisions for unused vacations	9.143	3.517
	31.126	**8.121**

Long term employee benefits	**31 March 2026**	**31 December 2025**
Provisons for employment termination benefits	32.555	44.936
	32.555	**44.936**

The movement table of unused vacation accruals as of 31 March 2026 and 2025 is as follows:

	2026	**2025**
As of 1 January,	**3.517**	**3.413**
Addition	9.126	11.076
Provision for vacation used	(3.066)	(2.643)
Monetary (gain) / loss	(434)	(506)
31 March	**9.143**	**11.340**

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 2026, the severance pay to be paid is subject to a monthly ceiling of TRL 64.948,77 (1 January 2025: TRL 46.655,43). 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 2026 and 31 December 2025, provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of employees.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 13 - Employee benefits (Continued)

Provisions for employee termination benefits (Continued)

	2026	2025
As of 1 January	**44.936**	**48.109**
Service cost	(10.816)	(997)
Severance pay paid	(12.113)	(3.020)
Actuarial (gain) / loss	4.558	5.794
Monetary (gain) / loss	5.990	(4.270)
31 March	**32.555**	**45.616**

	31 March 2026	31 December 2025
Discount rate (%)	2,58	2,58
Turnover rate used in retirement probability calculation (%)	92,64	92,64

NOTE 14 - Other assets and liabilities

Short-term prepaid expenses	31 March 2026	31 December 2025
Advances given	27.116	20.102
Prepaid expenses for the coming months	21.200	17.706
	48.316	**37.808**

Current tax assets	31 March 2026	31 December 2025
Prepaid taxes and funds	-	11.216
	-	**11.216**

Other current assets	31 March 2026	31 December 2025
Deffered VAT	4.544	88.879
Other miscellaneous current assets	21	-
	4.565	**88.879**

Long-term prepaid expenses	31 March 2026	31 December 2025
Prepaid expense for the following years	12.301	21.451
	12.301	**21.451**

Deffered income	31 March 2026	31 December 2025
Advances received	41.338	29.375
	41.338	**29.375**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 15 - Capital, reserves and other equity items

Capital

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

	31 March 2026		31 December 2025	
	% Share	**Balance**	**% Share**	**Balance**
AG Anadolu Grubu Holding A.Ş.	56,89	147.832	56,89	147.832
Faber - Castell Aktiengesellschaft	15,40	40.017	15,40	40.017
Shares publicly held	27,71	72.026	27,71	72.026
Paid in capital	**100,00**	**259.875**	**100,00**	**259.875**
Inflation adjustment to share capital		571.371		571.371
Total capital		**831.246**		**831.246**

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 2026	31 December 2025
Legal reserves	441.469	441.469
Gain on sale of real estate and associate shares	1.196	2.101
R&D investment fund	2.272	2.272
	444.937	**445.842**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	31 December 2025
Other retained earnigs /(losses)	(164.793)	363.546
Extraordinary reserves	235.981	259.541
	71.188	**623.087**

As of 31 March 2026 and 2025, the fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows:

	31 March 2026		
Retained Earnings	**CPI Adjusted Statuary Entrys**	**PPI Adjusted Statuary Entrys**	**Followed ammount of**
Adjustments to share capital	677.997	571.371	106.626
Reserves on retained erning	475.890	444.937	30.953

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 16 - Revenue and cost of sales

	1 January - 31 March 2026	1 January - 31 March 2025
Domestic sales	1.309.588	515.149
Export sales	13.844	34.418
Sales discounts (-)	(500.576)	(186.922)
Net sales	**822.856**	**362.645**
Cost of sales (-)	**(546.107)**	**(222.952)**
Gross profit	**276.749**	**139.693**

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

	1 January - 31 March 2026	1 January - 31 March 2025
Direct material cost	74.200	87.282
Direct labour costs	94.979	89.152
General production expenses	28.822	39.743
Depreciation and amortization expenses	20.345	23.796
Change in semi-finished goods	(51.218)	(1.491)
Change in finished goods	182.172	(100.845)
Cost of products sold	**349.300**	**137.637**
Cost of goods sold	196.807	85.315
Cost of sales	**546.107**	**222.952**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 17 - Other operating and investment activities income and expenses

	1 January - 31 March 2026	1 January - 31 March 2025
Other income from operating activities		
Reversal of litigation provision income (Note 12)	1.323	-
Foreign exchange gain	965	3.557
Reversal of provision for doubtful trade receivables (Note 7)	7	6
Other	1.616	237
	3.911	**3.800**

	1 January - 31 March 2026	1 January - 31 March 2025
Other expenses from operating activities		
Foreign exchange losses	864	4.973
Provision for doubtful trade receivables (Note 7)	54	648
Other	3.702	846
	4.620	**6.467**

NOTE 18 - Income and expense from investment activities

	1 January - 31 March 2026	1 January - 31 March 2025
Income from investment activities		
Gain on sales of fixed assets	200	25
	200	**25**

NOTE 19 - Finance income and expenses

	1 January - 31 March 2026	1 January - 31 March 2025
Finance income		
Income from derivative transactions	49.377	14.295
Interest income	-	43.085
Foreign exchange income	8.130	1.914
	57.507	**59.294**

	1 January - 31 March 2026	1 January - 31 March 2025
Finance expenses		
Interest expenses	210.577	173.360
Foreign exchange losses	7.803	1.972
	218.380	**175.332**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	1 January - 31 March 2025
Current period statutory tax provision (-)	-	-
Deferred tax income/(expense)	15.076	22.360
Total deferred tax income, net	**15.076**	**22.360**

	31 March 2026	31 December 2025
Prepaid tax expenses (-)	-	11.216
Profit for the period tax (liability)/receivable, net	**-**	**11.216**

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 2025: No)

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, 2026, the Company has not utilized the R&D tax credit benefit in lieu of legal tax (March 31, 2025: TRL 11.304). The tax benefit of TRL 20.886 (March 31, 2025: none) that the Company is expected to benefit from in the foreseeable future on the unused R&D deduction is recognized as a deferred tax asset in the financial statements. The income statement for the period January 1 - March 31, 2026, includes deferred tax income of TRL 1.607 related to the aforementioned deferred tax asset.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 20- Income taxes (Continued)

Tax Advantages Obtained Within the Scope of Investment Incentive System: (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 the tax benefits earned from deductible temporary differences, tax losses, and investment allowances with unlimited life that enable reduced corporate tax payments, in cases where it is probable that taxable income will be available. 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 assesses 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 aforementioned deferred tax assets will be recovered within five years from the balance sheet date.

In the sensitivity analysis conducted as of March 31, 2026, when the inputs included in the fundamental macroeconomic and sectoral assumptions forming the business plans were increased/decreased by 10%, there was no change in the recovery periods of deferred tax assets related to investment incentives, which are projected to be 5 years.

	Total temprorary differences		Deferred tax	
	31 March 2026	31 December 2025	31 March 2026	31 December 2025
Tangible and intangible assets	(75.872)	(20.441)	(18.968)	(5.110)
Provision for employment termination benefits	32.555	46.178	8.139	11.544
Turnover and dealer premium provisions	131.962	-	32.990	-
Worker bonus accruals	1.584	3.028	396	757
Financial loss carried forward	619.743	680.973	154.936	170.243
R&D discount	83.543	77.114	20.886	19.279
Adjustments related to derivative instruments	408	(408)	99	(102)
Provision for doubtful receivables	6.056	6.604	1.514	1.651
Provision for unused vacation	9.143	3.517	2.286	879
Inventory, provision for impairment on inventories	(143.700)	(179.447)	(35.925)	(44.862)
Litigation provision	3.932	5.782	983	1.446
Promotion materials	1.981	2.098	495	526
Bulk consumption sales return provision	4.082	-	1.021	-
Incentive premium accrual	20.397	-	5.099	-
Lease services	(70.879)	(69.197)	(17.720)	(17.299)
Other adjustments	(12.113)	(8.600)	(3.027)	(2.151)
Deferred tax asset/(liability), net	**612.822**	**547.201**	**153.204**	**136.801**

	2026	2025
1 January	**136.801**	**(34.510)**
Deferred tax expense/(income)	15.076	22.360
Severance pay accounted under equity effect of remeasurement differences	1.141	1.396
Impact of derivative financial instruments	186	(619)
31 March	**153.204**	**(11.373)**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	1 January - 31 March 2025
Profit /(loss) for the period	(35.004)	(262.681)
Average number of shares (weighted average number of shares with a nominal value of TRL 1 per share)	259.875.000	259.875.000
Earnings per share / (loss) (Full TRL)	**(0,1347)**	**(1,0108)**

NOTE 22 - Related parties transactions

Related Parties' Balances

	Receivables from related parties	
	31 March 2026	**31 December 2025**
A.W.Faber Castell Malezya Sdn.Bhd. (2)	16.304	-
AEP Anadolu Etap Penkon (2)	1.857	718
A.W.Faber-Castell Vertrieb GmbH (2)	1.417	127
Migros Ticaret A.Ş. (2)	176	7.200
A.W.Faber Castell Peruana SA (2)	3	1.984
Other	2.193	892
	21.950	**10.921**

	Payable to related parties	
	31 March 2026	**31 December 2025**
AG Anadolu Grubu Holding A.Ş. (1)	10.769	5.259
A.W.Faber-Castell Vertrieb GmbH (2)	8.189	30
Moneypay Fınansal Eknolojı ve Yapay Zeka A.Ş. (2)	420	462
A.W.Faber Castell Brezilya S.A. (2)	258	274
AEH Sigorta Acentalığı A.Ş. (2)	-	998
Anadolu Efes Biracılık ve Malt San. A.Ş. (2)	-	120
Other	182	95
	19.818	**7.238**

1) Shareholders
2) Related Parties of AG Anadolu Grubu Holding A.Ş. and Faber-Castell Aktiengesellschaft

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 22 - Related parties transactions (Continued)

b) Related Parties' transactions

Prepaid expenses to related parties	31 March 2026	31 December 2025
A.W.Faber-Castell Vertrieb GmbH (2)	115	127
A.W.Faber Castell (I)	1	1
	116	**128**

Purchases of goods	1 January - 31 March 2026	1 January - 31 March 2025
A.W.Faber Castell Malezya Sdn.Bhd. (2)	6.519	14.742
P.T.A.W.Faber Castell Ind. (2)	3.339	3.171
A.W.Faber-Castell Vertrieb GmbH (2)	82	1.734
	9.940	**19.647**

Sales of goods	1 January - 31 March 2026	1 January - 31 March 2025
A.W.Faber-Castell Vertrieb GmbH (2)	1.747	-
AG Anadolu Grubu Holding A.Ş. (1)	1.326	182
Türkiye'nin Otomobili Girişim Grubu	156	-
Efes Pazarlama ve Dağıtım Tic. A.Ş. (2)	74	9
Anadolu Isuzu Otomotiv (2)	40	68
Migros Ticaret A.Ş. (2)	-	31.211
Other	12	204
	3.355	**31.674**

Services received	1 January - 31 March 2026	1 January - 31 March 2025
AG Anadolu Grubu Holding A.Ş. (1)	24.830	23.906
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. (2)	3.733	-
Anadolu Efes (Konsolide)	41	40
Migros Ticaret A.Ş. (2)	5	54
Anadolu Efes Spor Kulübü (2)	-	13.403
Çelik Motor (2)	-	21
Diğer	125	11
	28.734	**37.435**

Services given	1 January - 31 March 2026	1 January - 31 March 2025
AG Anadolu Grubu Holding A.Ş. (1)	1.326	-
AG Anadolu Grubu Holding A.Ş. (1)	-	6.370
Anadolu Kafkasya Enerjı Yatırımları A.Ş. (2)	-	1.374
Other	282	79
	1.608	**7.823**

1) Shareholders
2) Related Parties of AG Anadolu Grubu Holding A.Ş. and Faber-Castell Aktiengesellschaft

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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:

	2026	**2025**
Short-term employee benefits	35.091	51.184
Other long-term benefits	4.891	4.605
Benefits due terminations	-	7.017
Benefits provided due to termination of employment	-	-
31 March	**39.982**	**62.806**

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 the 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 2026 and 31 December 2025, net debt/ (equity+net debt) ratio is as follows:

	31 March 2026	**31 December 2025**
Total borrowings	1.921.262	1.853.461
Less: Cash and cash equivalents	(295.563)	(435.427)
Net debt	1.625.699	1.418.034
Total equity	1.298.730	1.337.709
Total equity + net debt	**2.924.429**	**2.755.743**
Net debt / (total equity+net debt) ratio	**56%**	**51%**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	**31 December 2025**
Assets	74.447	66.231
Liabilities	(46.080)	(25.850)
Net balance sheet foreign currency position	**28.367**	**40.381**

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

(c) Currency risk and management (Continued)

Profit/Loss 31 March 2026	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	7.943	(7.943)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	**7.943**	**(7.943)**
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	(2.376)	2.376
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	**(2.376)**	**2.376**
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)	**-**	**-**
	5.567	**(5.567)**

Profit/Loss 31 December 2025	Appreciation of foreign currency	Depreciation foreign currency
If the US Dollar changes 20% +/- against TRL :		
1- USD net asset/liability	8.026	(8.026)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	**8.026**	**(8.026)**
In case the Euro changes 20% +/- against TRL:		
4- Euro net asset/liability	50	(50)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	**50**	**(50)**
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)	**-**	**-**
	8.076	**(8.076)**

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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:

	31 March 2026				31 December 2025			
	TRL equivalent	**USD**	**Avro**	**Other**	**TRL equivalent**	**USD**	**Avro**	**Other**
1. Trade receivables	39.711	841	47	-	53.662	968	145	-
2a. Monetary financial assets	2.888	61	4	-	1.414	30	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	31.848	697	8	1.800	11.153	200	31	-
4. Total current assets (1+2+3)	**74.447**	**1.599**	**59**	**1.800**	**66.229**	**1.198**	**176**	**-**
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)	**74.447**	**1.599**	**59**	**1.800**	**66.229**	**1.198**	**176**	**-**
10. Trade payables	46.080	703	292	-	25.849	347	172	-
11. Financial liabilities	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-	-	-
12b. Othre non-monetary liabilities	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**46.080**	**703**	**292**	**-**	**25.849**	**347**	**172**	**-**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**46.080**	**703**	**292**	**-**	**25.849**	**347**	**172**	**-**
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Total asset amount hedged	-	-	-	-	-	-	-	-
19b. Total liabilities amount hedged	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**28.367**	**896**	**(233)**	**1.800**	**40.380**	**851**	**4**	**-**
21. Monetary items net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**28.367**	**896**	**(233)**	**1.800**	**40.380**	**851**	**4**	**-**
22. Exports	**13.844**	**257**	**34**	**-**	**182.234**	**2.891**	**695**	**-**
23. Imports	**67.931**	**1.173**	**293**	**-**	**625.264**	**9.211**	**3.220**	**4.764**
% 20 increase	**-**	**7.944**	**(2.370)**	**-**	**-**	**7.293**	**46**	**-**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

(d) Interest rate risk and management

The interest rate position table showing the Company's interest rate-sensitive financial instruments is as follows:

	31 March 2026	31 December 2025
Fixed-Rate Financial Instruments		
Financial Liabilities	674.358	711.696
Floating-Rate Financial Instruments		
Financial Liabilities	1.246.904	1.141.765
	1.921.262	**1.853.461**

(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 63% 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 98% 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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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 2026	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities	744	-	744	-
	31 December 2025	**Level 1**	**Level 2**	**Level 3**
Derivative financial liabilities	-	-	-	-

	31 March 2026	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	-	-	-	-
	31 December 2025	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	-	-	-	-

24.2 Derivative financial instruments and hedge accounting

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

As of 31 March 2026, Adel has a foreign exchange forward transaction with a nominal value of TRL 24.411 amounting to USD 550.000 (As of 31 December 2025, Adel has no foreign exchange forward transaction).

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

NOTE 24 - Financial instruments (Continued)

24.2 Derivative financial instruments and hedging transactions (Continued)

	2026			2025		
		Fair Values			Fair Values	
	Contract Amount	Asset	Liability	Contract Amount	Asset	Liability
For hedging purposes:						
Forward transaction	-	-	744	-	-	-
	-	**-**	**744**	**-**	**-**	**-**
Short term	-	-	744	-	-	-
	-	**-**	**744**	**-**	**-**	**-**

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.

31 March 2026	Notes	Fair value differences reflected in other	Financial assets shown at amortized cost	Financial liabilities shown at amortized	Book value	Fair value
Financial assets						
Cash and cash equivalences	4	-	295.563	-	295.563	295.563
Trade receivables from third parties	7	-	741.144	-	741.144	741.144
Receivables from related parties	22	-	21.950	-	21.950	21.950
Other financial assets	5	-	1.538	-	1.538	1.538
Financial liabilities						
Financial borrowings	6	-	-	1.872.410	1.872.410	1.872.410
Lease liabilities	6	-	-	48.852	48.852	48.852
Trade payables	7	-	-	179.390	179.390	179.390
Payables from related parties	22	-	-	19.818	19.818	19.818
Other financial liabilities	8	-	-	3.056	3.056	3.056

31 December 2025	Notes	Fair value differences reflected in other	Financial assets shown at amortized cost	Financial liabilities shown at amortized	Book value	Fair value
Financial assets						
Cash and cash equivalences	4	-	435.427	-	435.427	435.427
Trade receivables from third parties	7	-	158.354	-	158.354	158.354
Receivables from related parties	22	-	10.921	-	10.921	10.921
Other financial assets	5	-	1.620	-	1.620	1.620
Financial liabilities						
Financial borrowings	6	-	-	1.796.452	1.796.452	1.796.452
Lease liabilities	6	-	-	57.009	57.009	57.009
Trade receivables from third parties	7	-	-	127.191	127.191	127.191
Payables from related parties	22	-	-	7.238	7.238	7.238
Derivatives	24.1	-	-	-	-	-
Other financial liabilities	8	-	-	2.251	2.251	2.251

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at March 31, 2026 unless otherwise indicated)

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

	31 March 2026	31 March 2025
Financial Position Statement Items		
Inventory	110.498	109.928
Prepaid expenses	3.502	3.114
Financial investments	-	12
Property, plant and equipment	95.097	103.536
Intangible assets	13.430	11.566
Right of use assets	11.362	25.220
Deferred income	(1.584)	(3.143)
Adjustment to share capital	(75.844)	(75.999)
Other comprehensive expenses that will not be reclassified to profit or loss	(2.377)	(8.989)
- Losses on remeasurement of defined benefit obligations	*(2.377)*	(8.989)
Other comprehensive income (expenses) that will be reclassified to profit or loss	(1.610)	(1.641)
- Currency translation differences	*(1)*	1
- Gains (loss) on hedge	*(1.609)*	(1.642)
Restricted reserves	(39.893)	(36.319)
Retained earnings	(7.198)	(78.838)
Profit or Loss Statement Items		
Revenue	(17.024)	(1.726)
Cost of sales (-)	11.129	1.026
Research and development expenses (-)	237	271
General administrative expenses (-)	3.128	4.073
Marketing expenses (-)	5.307	4.439
Other income from operating activities	(31)	(81)
Other expenses from operating activities (-)	43	123
Income from investment activities	-	(1.382)
Expenses from investment activities (-)	-	-
Finance income	(823)	(109)
Finance expenses (-)	4.360	4.006
Taxes on expense	-	-
Deferred tax income	12.482	(3.155)
Other Comprehensive Income Statement Items		
Other comprehensive income (expenses) that will not be reclassified	4.860	10.953
NET MONETARY POSITION GAINS / (LOSSES)	**129.051**	**66.885**

NOTE 26 - Events after the reporting period

None.